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(Copy)

Mining Lease and Option to Purchase

THIS AGREEMENT, made and entered into this seventh day of September, 1934, in the City of Los Angeles, California, by and between O. H. Oswald, first party, herein after called the "Owner", and William Bell Taylor, second party, hereinafter called the "Lessee",

W I T N E S S E T H:

1. The Owner represents that he holds the ownership and possession of those certain unpatented lode mining claims, located in the Globe mining district, Gila County, State of Arizona, the names of which claims, together with the books and pages of records of Mines where their location notices are recorded in the office of the County Recorder of Gila County, Arizona, are as follows:

Name	Book	Page
Crow	33	266
Crow No. 2	33	267
Crow No. 3	38	61
Crow No. 4	38	62
Crow No. 5	38	426
Crow No. 6	38	427
Tryangle	36	227

2. In consideration of the obligation undertaken by the Lessee pursuant to the provisions of paragraph third hereinbelow, the Owner hereby leases unto the Lessee, for the period of one year from the date of these presents (within which period the Lessee may exercise his option to purchase), the seven mining claims hereinabove described, together with all improvements, materials, minerals, and ores thereon, and all rights pertaining to or connected with said mining claims, under the terms and conditions hereinafter set forth.

3. The price of this lease is twenty per cent ( 20% ) of the net profits derived from the operation of said mining claims, or any of them, to be paid by the Lessee to the Owner within ten days following the receipt by the Lessee of payment for each shipment. In the event that the Lessee exercises his option to purchase, any payments made by the Lessee to the Owner under this clause shall be deemed applied as part of the purchase price and the Lessee shall receive credit therefor.

4. The Lessee shall have ninety days within which to take possession of the above described mining claims and to start operations thereon. Within said period the Lessee shall commence the deepening of the shaft known as the "Bee Shaft" which is located approximately 94 feet west of the existing workings and is now down about 60 feet. The Lessee shall continue the sinking of a timbered shaft at this place at the rate of not less than thirty feet per month until a depth of at least five hundred feet shall have been reached; provided, however, that if, in the opinion of the Owner, a probable commercially profitable deposit is encountered at a depth between three hundred and five hundred feet, he shall relieve the Lessee of the obligation to sink the shaft to the minimum depth of five hundred feet, and the Lessee shall thereupon work the deposit so encountered.

5. Pending the taking of possession and the commencement of operations by the Lessee as provided in the preceding paragraph, the Owner shall have the right to continue work on his mining claims. For the work so done by the Owner between the date of these presents and the date of taking possession by the Lessee, the Owner shall be reimbursed by the Lessee in an amount not to exceed three hundred dollars ( \$300.00 ). The amount of said reimbursement shall be determined by the reasonable value of the labor and materials expended by the Owner, and the Owner shall render to the Lessee a detailed account thereof.

6. During the life of this agreement, whether the Lessee be operating under the terms of the lease or of the option, the Lessee shall perform on said claims in each year at least seven hundred dollars ( \$700.00 ) worth of work which qualifies as assessment work under the laws of the United States and of the State of Arizona, and shall cause an affidavit thereof to be filed and recorded in the office of the County Recorder of Gila County, Arizona, on or before the 30th day of April of each year following the execution of this agreement.

7. The Lessee agrees to perform all work upon said mining claims in a minerlike manner and to comply with the laws of the State of Arizona and the rules and regulations of the Mine Inspector of the State of Arizona, in performing said work, and agrees to hold the Owner harmless from all liability on account of the injury or death of any employee working for the Lessee on said mining claims, and agrees not to incur or permit any liens or encumbrances to accrue against said mining claims, or any of them, by reason of his operations.

8. The Lessee agrees that it will post and keep posted during the term of this agreement a proper notice of non-liability of the Owner for labor performed on said claims or material furnished thereon, as required by statute, in order to prevent a labor lien or material lien being filed against the said claims.

9. This agreement creates and confers upon the Lessee an option to purchase the above-described mining claims for a total purchase price of twenty-five thousand dollars ( \$25,000.00 ), payable to the Owner as follows: Three thousand dollars ( \$3,000.00 ) on or before the seventh day of September, 1935; three thousand dollars ( \$3,000.00 ) on or before the seventh day of March, 1936; and a like sum every six months thereafter until the total purchase price shall have been paid. The amounts paid by the Lessee to the Owner in pursuance of the provisions of paragraph third shall be credited to the Lessee and deducted from the respective instalment next payable under this clause. The Lessee shall have the right to pay at any time the total purchase price or any remainder which may be due thereon. In the event of failure of the Lessee to pay any instalment as provided in this clause, this agreement shall lapse and become void and the Lessee shall forfeit any instalments of the purchase price that may theretofore have been paid, but the Lessee shall not be subject to any other liability.

10. Upon payment in full of the agreed purchase price of twenty five thousand dollars ( \$25,000.00 ) by the Lessee to the Owner, in pursuance of this agreement, all the right title and interest of the Owner in and to the above described mining claims shall pass to and vest in the Lessee, together with all improvements, materials, minerals, and ores thereon, and all the rights, privileges and franchises thereto incident or appurtenant or therewith usually had and enjoyed. And the Owner hereby obligates himself to execute and deliver unto the Lessee, upon receipt of the agreed price as aforesaid, all such formal deeds, conveyances or other instruments which the Lessee may require of him in order to perfect the title of the Lessee in and to said claims.

11. In the event that the Lessee fails to take possession within ninety days, or fails to sink the shaft at the rate of thirty feet per month, all as provided in paragraph fourth, this lease and option shall immediately terminate and become void. And in such event the Lessee will execute and deliver to the Owner such quitclaim deeds or other instruments as may be necessary to clear the title of any defect made, done or suffered by said Lessee.

12. It is understood and agreed by the parties hereto that the Lessee may assign this agreement to a third party.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written.

O. H. Oswald  
Owner.

William Bell Taylor  
Lessee.

STATE OF CALIFORNIA; }  
COUNTY OF LOS ANGELES, } ss:

On this eighth day of ~~November~~ September, 1934, before me, Reginald S. Craig, a Notary Public in and for said County and State, personally appeared O. H. Oswald and William Bell Taylor, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Reginald S. Craig  
Notary Public in and for said County  
and State.

My commission expires July 17, 1937.

## REPORT ON THE CROW MINE AT RADIUM, ARIZONA.

### LOCATION

The property consisting of seven unpatented claims is located at Radium siding on a branch of the Southern Pacific Railway, 8 miles from Globe and four miles from the smelter at Miami and Inspiration.

### HISTORY

The mine has been worked by Mexicans and others for over sixty years to a depth of thirty five to forty feet, several inclines having been sunk on what appears to be the principle vein from which points galleries have been drifted East and West and connecting with one another, many of these workings are caved as no timber was used. This work was done in a haphazard manner in order to extract high grade silver ore which appears in lenses in the vein at this level. A grab sample from a small pile of sorted ore in one of these galleries assayed 103 oz. silver and 1.10 oz. gold. For many years the mine belonged to the Taylor Estate, during which period no attempt was made to work it. The present owner Mr. H. Oswald acquired it seven years ago and having no capital with which to carry on extensive development operations, has confined his activities to going there for one month in each year from his home in Los Angeles in order to perform the required assessment work. Incredibly as it may seem the deepest working in the mine is a single compartment shaft that Mr. Oswald has put down unaided to the depth of eighty five feet in the course of the last year. This is not on the vein, his object being to sink to the 125 foot level at which point he plans to cross-cut to it. Another shaft has been put down by him to a depth of sixty feet, this cuts the vein but it is impossible to sample this in depth at the present time on account of water and the fact that it is timbered and lagged to below the water line. Sampling is therefore necessarily confined to the outcrops and open cut to the North of this shaft where quite some work has been done by high graders.

To the West is the Apache vanadium mine with considerable workings to the 100 foot level and an impressive showing of that metal. Their lowest working in the main shaft being 140 feet at which point they have apparently reached the permanent water level and where there is a very fine showing of copper ore in sulphide form with good gold and silver values. The Vanadium naturally disappears at this point. This property is in litigation and has been for some years past, I am assured by the present manager and part owner that this is now settled and that their title will be clear on January 5th, 1935.

Bordering on the East is the Lost Hope Mine, which has been in production since March 1931. Their workings are within 20 feet of the Crow boundary line and runs into it in about the middle of the property. It would appear that this is a separate and distinct vein from any of those so far opened up on the Crow. The nature of the ore is entirely different as is the strike and it contains nothing but gold. In 1931 some work was done on the Crow near this boundary line in an endeavour to pick up this vein but was abandoned for lack of working capital at 35 feet. Cross-cuts were run in both directions at this level but nothing was found except some vanadium. This is due to the fact that the shaft was sunken beside a dry creek where the ground is badly broken and faulted, work should have been carried down to at least one hundred and fifty feet. The deepest working in the Lost Hope is eighty feet, no proper timbering has been done and existing workings hopelessly gophered for high grade. Considerable ore has been mined and shipped to the Smelter at Miami, this is known as the International Smelter and is three miles to the East in a straight line. There is a twenty ton mill on the property which has been allowed to get in a state of disrepair, but which could cheaply and easily put in running order. The present lessee is a printer by trade and has had no previous experience in mining. He has managed to keep going on earnings derived mostly from shipping hand picked ore to the Miami Smelter without outside backing. I recommend that this property be acquired in conjunction with the Crow at a later date when this mans lease expires in March of 1935, but

before any serious development work is done on the Crow if possible. Pannings from grab samples taken in these workings showed enormously rich gold values. The lessee would not permit cross vein samples to be taken.

Adjoining the Lost Hope which consists of only two claims are the holdings of the Miami and Inspiration mines two of the greatest copper producers in the world whose gold and silver contents have allowed them to continue operations during periods that other great copper mines have had to shut down completely. Altogether the Crow properties are most favorably situated in the midst of one of the most highly mineralized regions on the North American continent, with Hydro Electric power lines and a water pipe line and Railway spur and loading platform one mile away and a big Smelter four miles distant by truck or train.

### GEOLOGY

The country rock is composed of Diorite and Andesite Porphyry with related intrusions. Several well defined veins traverse the property from East to West the outcrops of which can be traced for nearly two thousand feet. The principle minerals in evidence are gold, silver and lead with occasional discolorations in the quartz indicating copper. One very strong wide vein of Vanadium has been opened up to a depth of thirty feet. This does not show any other values. The principle vein is composed of a decomposed quartzite highly oxidized with traces of Manganese showing in places. A streak of galena runs through this varying in width from two to ten inches down to the thirty five foot level which is the lowest point that it is possible to take a sample at the present time. The vein itself varies in width from 18 to 34 in. averaging better than 22 inches. Its dip to this level is about seventy degrees. Owing to the precarious condition of the old workings it was impossible to properly sample them as they were caved and had several feet of debris in the bottom and the inclines were lagged. There is no water or moisture in these, the deepest being apparently forty feet. My sampling was confined to an open cut on the vein North of the sixty foot shaft put down some four years ago by Mr. Oswald. This shaft cuts the vein at the bottom but had several feet of water in it. From the West face of the open-cut a cross vein 34 inch sample ran 18 dollars gold 12.5 oz silver. at a depth of 12 feet. On the same level in the East face at this level a 20 inch sample ran 12 dollars gold 7.10 oz. silver. The bottom could not be sampled as it was filled with broken ore and waste. A sample of galena from the dump 8 inches thick gave \$4.60 gold, 37 oz. silver and 63% lead. A grab sample taken from different parts of the dumps of discarded ore that has been hand picked for shipping ran 6 dollars in gold with traces of silver. This was not assayed for lead. All assays were run by Mr. Walter X. Osborn and myself in Globe.

There is considerably more of one thousand tons of ore on the dumps.

### WATER

There is an abundance of water for milling purposes. A small pump in the dump of the Apache Mine below the 140 foot level supplied the mill on the Lost Hope property while it was running, sometimes pumping twenty four hours a day without lowering the water level a fraction of an inch. Water from the Crow workings when the permanent water level is reached will be ample for a fifty or one hundred ton unit. It will not constitute a problem in sinking as some of the mines in the vicinity, notably the Old Dominion have workings below the two thousand foot level. Should the supply of mine water become inadequate for any reason, the Old Dominion pipe line can be tapped one mile away and water rights purchased for a nominal price.

### POWER

There is a gasoline hoist with a head frame on the property that will be sufficient for sinking 300 feet. Used Deisel and gasoline engines can be picked up in Globe very cheaply. Hydro Electric power can be purchased from the Inspiration Mining Company whose main line runs within one and one quarter miles of the mine.

### ROADS

The mine is one and one quarter miles from the main highway nationally known as the Apache Trail. A good road for automobiles and heavy trucks. As stated before it is one mile from a railway siding with loading platforms and all facilities for shipping ore. The road between the mine and the main highway crosses the tracks at exactly this point.

### TIMBER

Native pine can be purchased from the Payson district for about \$50.00 a thousand feet. This is never properly seasoned and is not satisfactory. The most economical thing to do is to buy earload lots from Los Angeles. This costs \$35.00 a thousand laid down at the mine instead of \$75.00 a thousand if purchased in small lots from the lumber yards in Globe.

### RECOMMENDATIONS

A two compartment shaft should be sunk to a depth of 300 feet where the present 60 foot shaft is. This appears to be the most central point on the property and from which level, cross-cuts would be run that would open up the different veins at that depth. There are also indications that two or more of the principal veins will converge at about the 300 foot level at this point. This would cost approximately \$3,000.00 or \$10.00 a foot, timbering included. The ground breaks easily and it should be easily possible to sink at the rate of three feet a day working two eight hour shifts. This would open up, in a short time, the ore bodies and by drifting to and on the veins at this depth would block out at little additional expense a sufficient tonnage to warrant the installation of a 50 ton mill. The total cost of development including the sinking of the shaft, drifting, supplies, overhead and interest, would not exceed \$5,000.00. A 50 ton mill could be erected for an equal amount by picking up machinery such as ball mill, concentrating tables or flotation tanks as the case might be, from the larger mines in the district who have discarded these methods for larger and different systems of treating their ores and who have such things in stock and for sale. A plant of this size with new machinery would cost from \$30,000.00 up. There would be no need for housing facilities for the workmen as these would come from Globe in their cars, seven miles away. Globe being a mining town, all of these men live with their families there. There is one shack on the property made of corrugated iron which would serve as a workhouse and office and would be sufficient to house one or two men that would be constantly on the property. Core drilling would cost \$5.00 a foot. I would not recommend this at the present time as there is sufficient ore showing in several places to warrant the sinking of the above mentioned shaft.

The best and most economical method of treating the ore should be determined by shipping 100 pounds to the American Smelting and Refining Company at Flat River, No., for experimental purposes.

As the owner does not require any down payment in his bond and lease until the expiration of 12 months from the date that this is signed, no money would be required beyond the \$3,000.00 to \$5,000.00 necessary for sinking the main shaft and general development work. In no case should a mill be installed until this work is done as there would be no tonnage to warrant such an investment until this is completed and a definite body of ore blocked out. For another reason, it very often happens that the character of the ore changes in depth especially below the permanent water level where a zone of secondary enrichment is often encountered and the ore becomes a sulphide instead of being leached and oxidized.

The titles to the property are clear. The assessment work is up to date until July 1935 although this is not necessary under a Government ruling for the last three years. It is not possible to get an abstract title to it as the claims are not patented. No claims have been recorded against the property in the course of the past year and the assessment work has been duly recorded.

#### CONCLUSION

It is obvious from the foregoing that there is no tonnage of ore blocked out and that all past work done on the property with the exception of the two vertical shafts, one 60 ft, and the other 85 ft, put down by Mr. Oswald has not been constructive and can be considered in the light of development beyond the fact that it shows that a considerable amount of surface ore has been profitably extracted for its silver content during the periods in the past when this metal commanded a high price of fifty-five or more cents per ounce. At the present time with gold at \$36.00 and a fraction cents and silver sixty-six and a fraction cents for the newly mined metal, this property will not long be idle, and with an expenditure of \$5,000.00 or less to judge from the surface indications, widths and values, a large tonnage can be blocked out in a short length of time. By working three eight hour shifts with a blower to clear the air in the shaft after blasting, it would easily be possible to sink and timber at the rate of four to five feet a day, provided of course, there is no great change in the character or the rock in depth which is not likely as the same formation extends into the workings of the Miami and Inspiration mines, some of whose workings are very deep. Assuming that the shaft would go down at the rate of 4 feet a day, this would mean that the 300 foot level would be reached in approximately three months from the time of starting operations. Added to this is the fact that sixty or more feet are already down. Cross-outs to the vein could be run at the 100 and 200 foot levels and there is every reason to believe, in my estimation that shipping ore which no doubt would have to be hand sorted, would be found and could be stopped from these levels. In this way, the mine would get into quick production and the ore extracted, provided its values were the same or better than that in the upper levels, namely, the open out and the old gopher workings, could be concentrated if necessary in the mill on the Lost Hope property which could be leased or purchased outright for a song, or if the values would warrant, shipped to the Smelter from which a favorable rate can be obtained according to the tonnage and the value of the ore.

Aside from this, it would no doubt pay to mine the vanadium ore on the property which I have hitherto passed over lightly. In view of the activity of the United Vanadium Corporation near Globe as outlined in the attached clipping from the Los Angeles Times dated August 26th. This is a new development that has just today come to my attention and may alter the whole situation regarding this mine and the Apache within the next 30 days.

The vanadium vein showing on the Crow, I forgot to mention, is 4 feet plus in width. Its contents I do not know as it is both difficult and expensive to sample and assay this. Samples must be taken in large quantities and not in cross vein fashion like gold, silver, etc., but I am assured by Mr. Oswald and am inclined to agree with him after having compared specimens of this with the Apache, which is considered a particularly high-grade vanadium property, that the ore in the Crow will give a higher  $V_2O_5$  content than that of the Apache. A winz has been sunk on the vanadium vein to a depth of 35 to 40 feet. I greatly regret now that I did not make a thorough examination of this while I was on the property.

Respectfully yours,

William Bell Taylor  
August 29-1934