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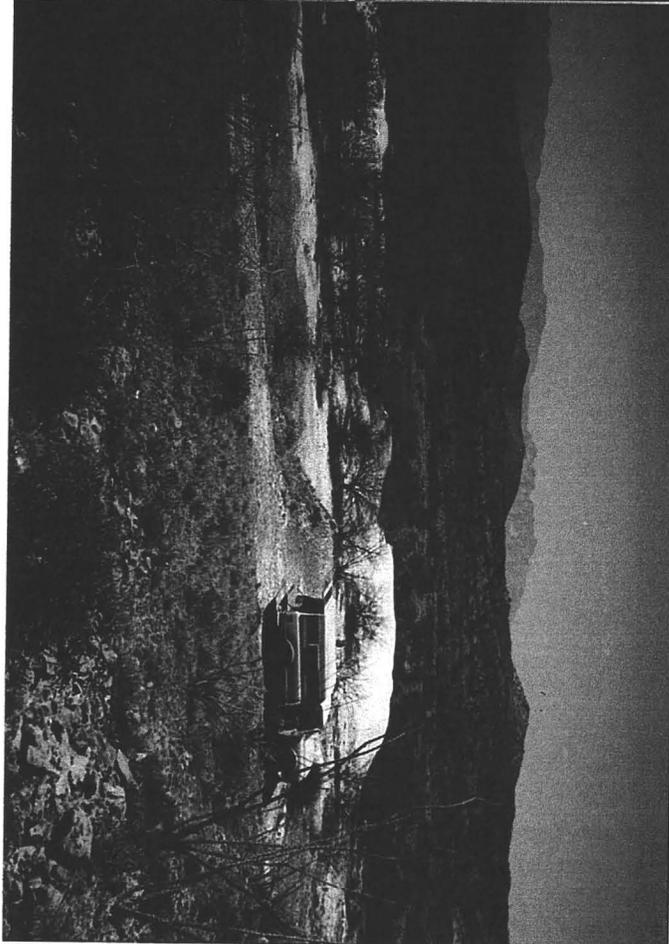
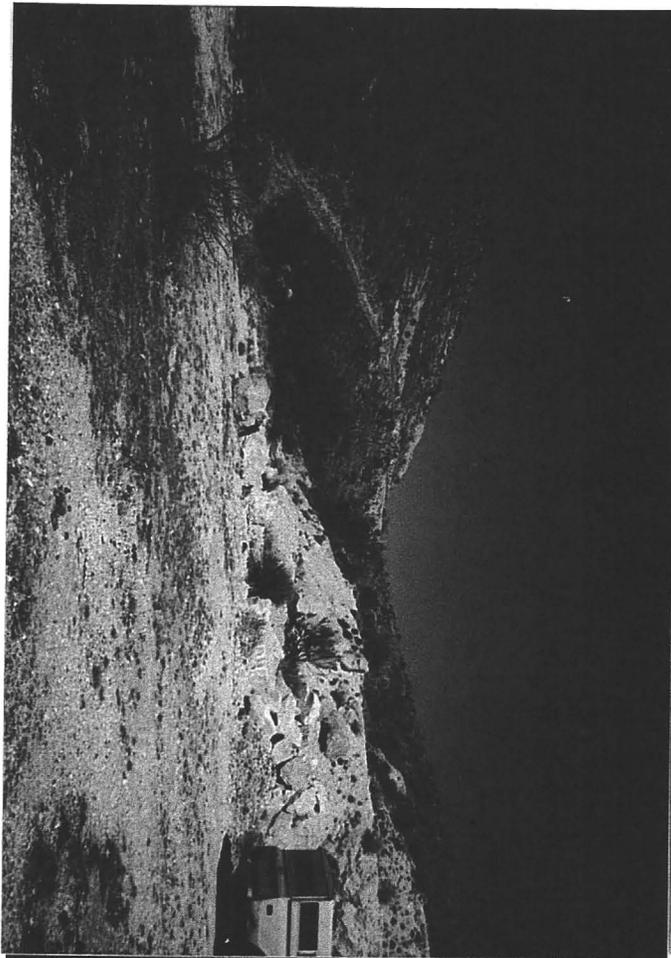
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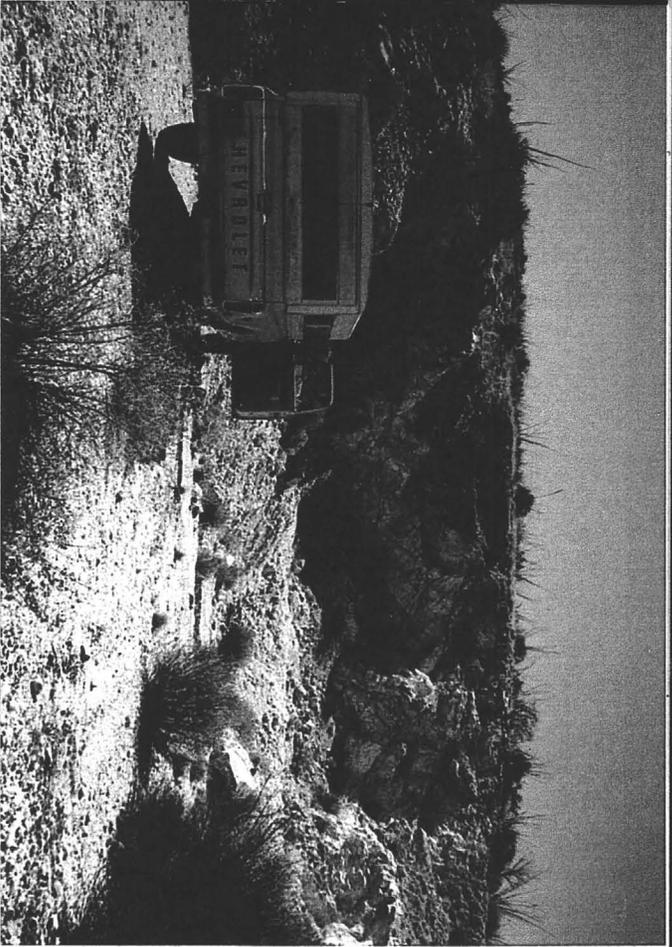
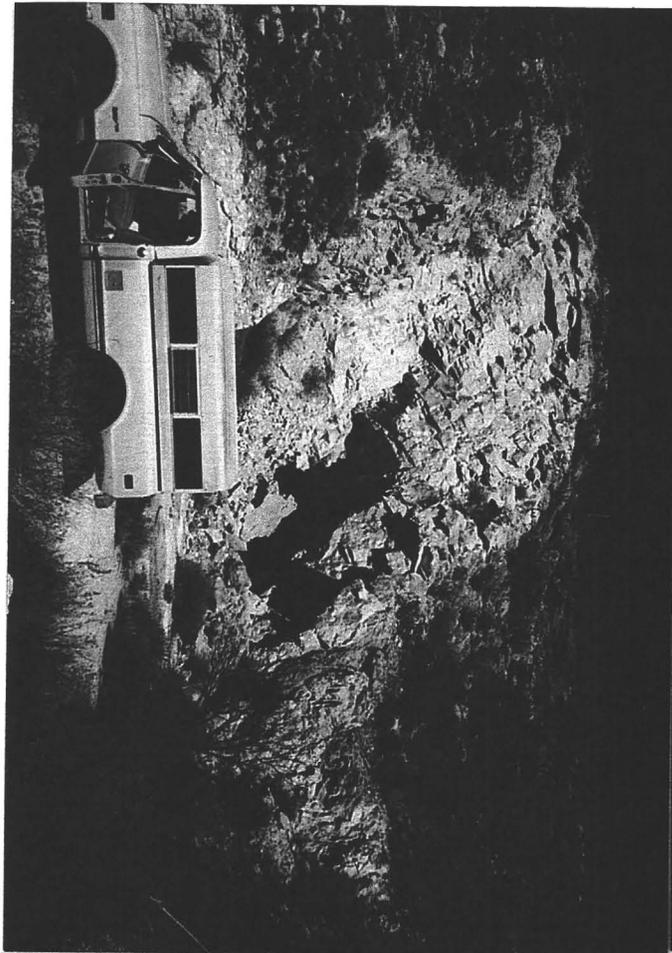
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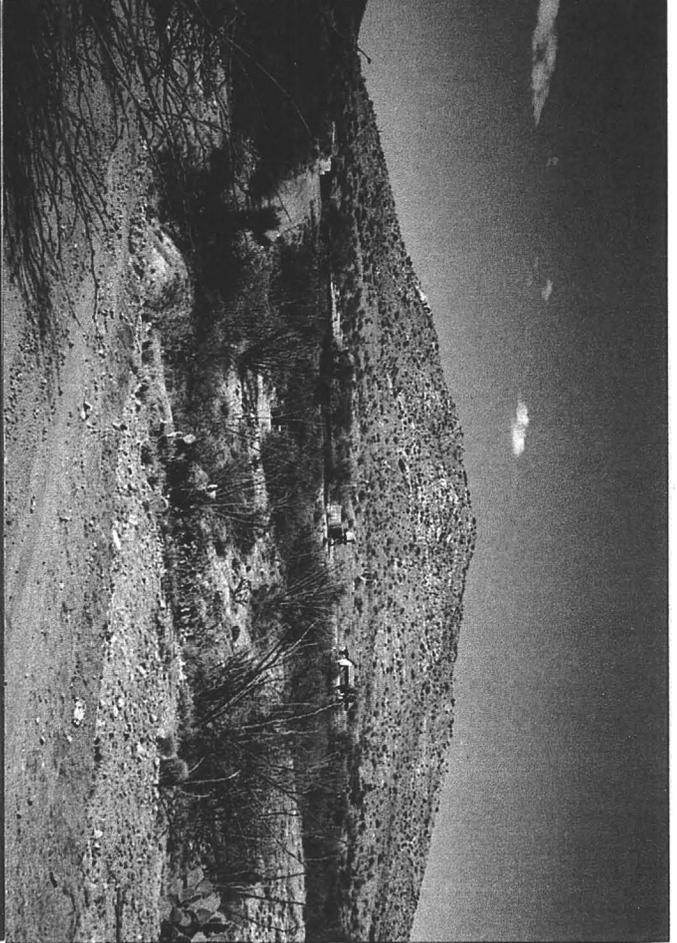
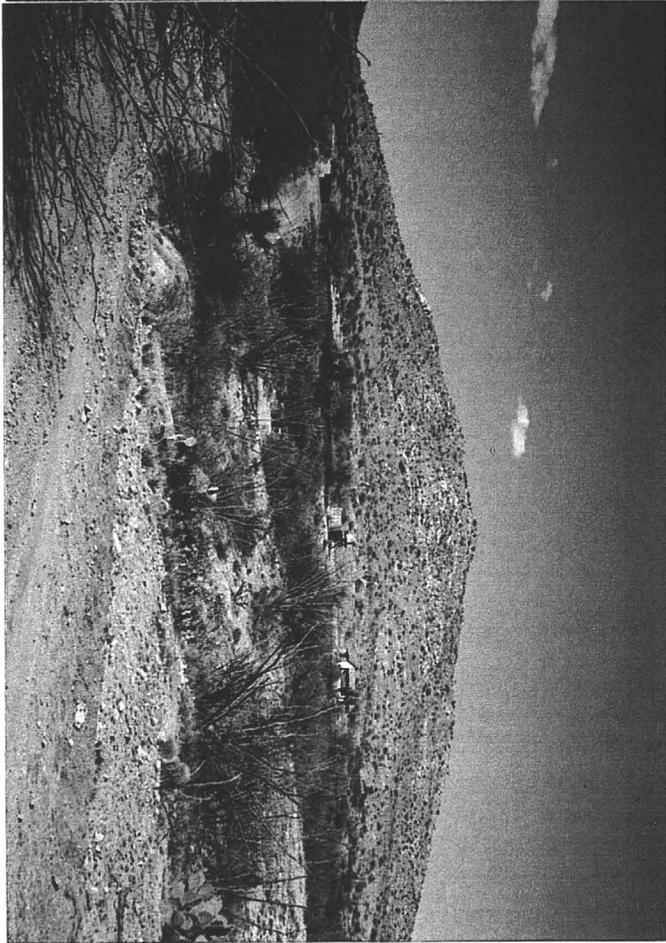
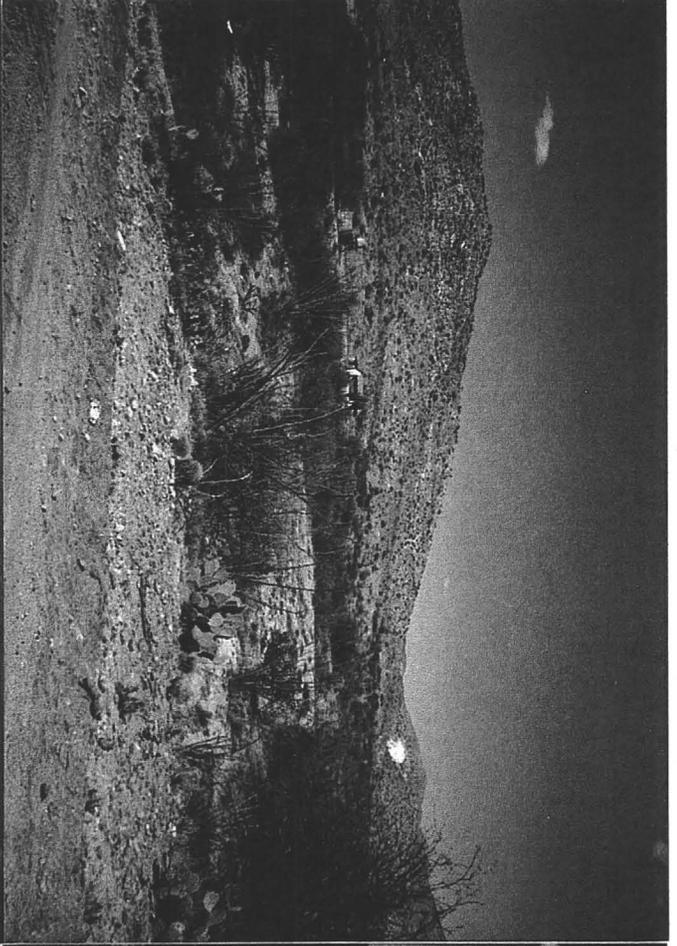
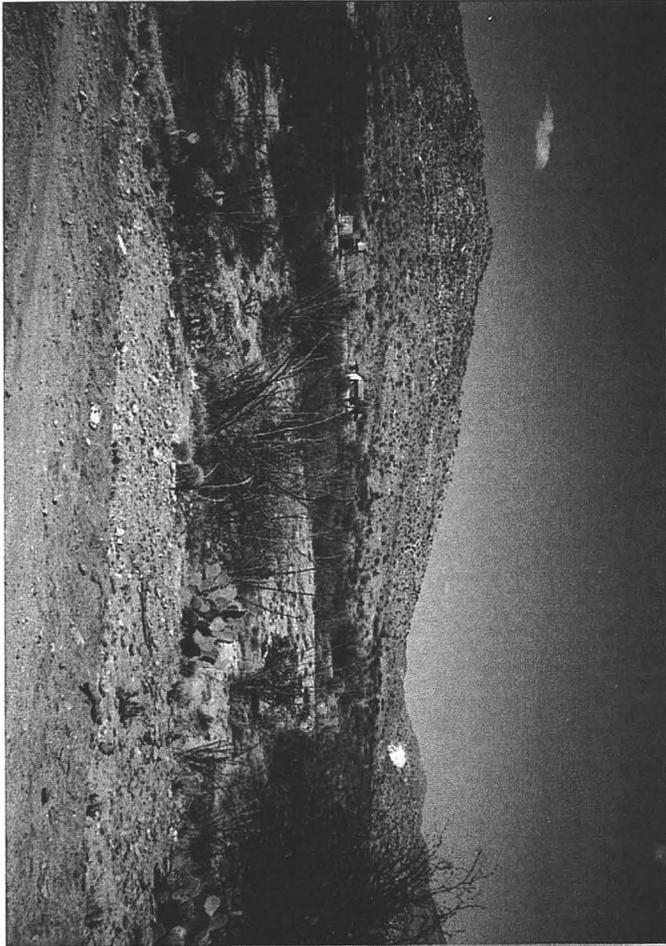
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TELEX: 364412 INTR ID 894
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HEINRICHS GEOEXPLORATION COMPANY

P. O. BOX 5964, TUCSON, ARIZONA 85703, 806 WEST GRANT ROAD, PHONE: (602) 623-0578

March 9, 1990

John Price, Esq.
First Interstate Bank Financial Center
4400 East Broadway, Suite 800
Tucson, AZ 85711

Re: Estate of Patricia M. Hendrickson,
deceased, State Lease #883.
Our #1901 - AZ - 90

Dear Mr. Price:

This follows my letter of 1 March 1990.

Cursory phone reseach on the local market for marble products reveals that there are at least three or four small producers, in Pima County, all intermittent. Reportedly, one near Vail has, or is building, a small plant of some sort (kiln?). Cochise County has a sizeable lime plant (not marble) near Douglas (Paul Lime), which has supplied most of the local copper mines, chemical, agricultural and construction industries for several decades. An excellent marble deposit near Dagoon has also produced intermittently. All of these deposits are relatively more accessible than the deposits on the west side of the Sierrita Mountains.

On the demand side, there are many uses in construction, agriculture and various industry specialties but, because good deposits are relatively common, transportation costs to market are usually one of the most important economic factors. Reserves, from all of these various deposits are practically unlimited, for the foreseeable future. Technically, with time value of all deposits will increase in proportion to general cost of living increases in an absolute sense, but relatively, the closer, easier to get at deposits, will most likely continue to out-compete with the West Sierrita deposits. The only exception to this would be some totally unforeseeable major shifts in supply or demand.

On this basis, the present value is purely speculative and, added on top of that is a very unsettled State Mineral Lease situation which makes the value even more speculative. A second call to the State Land Department was necessary. Right now they seem to be searching for new ways to arrive at the highest royalty possible without "killing" their leases. This means to them, "something" between 2% and 6% of the gross value. That could represent anywhere from 25% to over 100% of the net value! Meanwhile they talk about retaining rights to change the rates and rules whenever they

John Price, Esq.
March 9, 1990
Page 2

deem it to be in State interest to do so. Deposits which justify such leasing conditions are apt to be very rare indeed.

This is the general situation. Conceivably, the lease could be sold to some unknown buyer for \$5,000.00 perhaps or even \$10,000.00. However, it could easily take those same amounts to get it sold. A market value could have been established whenever ownership or rights changed hands. However, Brittain-Hendrickson were first and only lessors according to records seen so far. Although Brittain-Hendrickson apparently were the latest ones to legally ship from the property, I would be surprised if they were the first developers or original discoverers of the deposits.

In most cases to successfully sell mineral properties, a full blown detailed report, including all known and available maps, drilling and sampling (assaying) data are required. Much of these kinds of data should have been in Art Hendrickson's possession. However, it is not unheard of to find owners who place little or no value on retaining such records. In addition to these data, a favorable preliminary economic feasibility and/or cash flow rate of return on investment analysis would of course be most helpful but my feeling is that such a report based on presently available factual data and conditions would not be favorable.

An unsigned and undated report titled: Geology and Exploration of the White Hope Property, by Dirk Den Baars, Consulting Geologist, is cited. Page 1 of this report is on Tucson Realty and Trust Co. letter head. Drilling done during the last quarter of 1961 is described. Results indicate deposition of considerable variability in grade and composition. This makes for high costs and/or poorer grade mine run product. Den Baars' estimate of 4 - 5 million tons of high grade calcium carbonate (CaCO_3) rock is a reasonable guess for (possible) potential reserves. However, this estimate lacks necessary aerial photo and small scale geologic mapping support, to be anything other than a guess.

Condition of the road (Jeep trail), especially the last half mile to the two southern most quarry areas was very poor. Steeper portions are badly washed and gullied and many places are over grown with brush. This suggests little or no traffic the past 20 years or so. Four-wheel drive is recommended for this stretch. Nothing was noted to suggest evidence of any recent annual labor activity. Two quarry areas in the northwestern quarter of Section 19 were also visited. Land status and mineral rights ownership of these areas was not determined. Access to these is better and casual observation suggests better quality than the White Hope deposits exposures show. Again, there was no evidence of recent activity.

Access to all of the quarries (pickup, or suburban recommended) is 15 miles south of Rebles Junction on Arizona Highway 86, (24 miles west of Tucson), to mile post 31 on the road to Sasabe, $\frac{1}{4}$ mile north of Palo Alto Ranch turn left, cross cattle guard and follow old unimproved, rough, dirt road southeasterly for about 9 miles.

Map references are: USGS Palo Alto Ranch Quadrangle, approx 1"=1 mile

John Price, Esq.
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Page 3

scale and Penitas Hills Quadrangle, 1" = 2,000' scale. U.S. Geol. Survey MF-538 by H. Drewes and J.R. Cooper, 1973, titled: Reconnaissance geologic map of the west side of Sierrita Mountains, Palo Alto Ranch quadrangle, Pima County, Arizona.

References obtained from Arizona Dept. Mines and Mineral Resources with copies attached are:

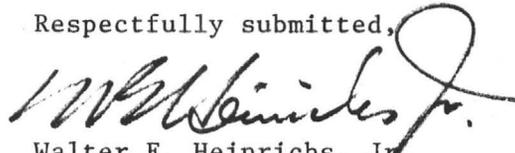
1. KAP-WR 7/6/84: Visitors or callers file note.
2. Den Baars report, including 3 maps and 6 pages text.
3. Field Engineers Report of 29 Apr. 1964 by Axel Johnson.
4. 12 July 1960, letter Axel Johnson to Frank Knight, Director.
5. Field Engineers Report of 26 June 1960 by Axel Johnson.
6. ALJ-WR 5/4/64 file note.

A snapshot log of snapshots taken in the field and enclosed is as follows:

1. Northernmost quarry site looking westerly.
2. " " " " " northwesterly.
3. Quarry 1/4 mile south of #1.
4. " " " " " " looking northeasterly to middle quarry on east hillside.
5. Easternmost quarry.
6. " " " " " "
7. Quarry due west 1000' of #5.

Let me know right away if you have further questions.

Respectfully submitted,



Walter E. Heinrichs, Jr.
Geological Engineer - Geophysicist
P.E. & C.P.G.

WEH:jh

Encl: 14 pages
7 snapshots.

WHITE HOPE QUARRIES

PIMA COUNTY
T18S R11E Sec 19 , 30

KAP WR 7/6/84: Joe Sul of Double J Investment Co., 3705 W. Thunderbird Road, Phoenix, Arizona 85023 is trying to either sell the White Hope Quarries Pima County property or find a buyer for the marble. He provided a copy of a geologist's report by Dirk den Baars for the file. In the early sixties the property was partly held by State lease and part by Federal location. The Federal claims are the White Hope Placer #1-#3 (AMC 76936-76938) located in the NW $\frac{1}{4}$ sec 30, T18S R11E. Additionally, the State leases occupy portions of the south half of Sec 19, T18S R11E. The claims and leases are in the name of Arthur Hendrickson, 101 West Old Ina Road, Tucson, Arizona 85704.



from: Az State Dept. Mines
& Mineral Resources
Phx. & Tucson

NOTE:

MAPS indicate claims also lie in portions of
Section 24 and 25, T.18S, R.10E.

MSL.



Tucson Realty & Trust Co.

GEOLOGY AND EXPLORATION OF THE WHITE HOPE PROPERTY.

Location and Ownership:

The White Hope limestone claims are located about 48 miles southwest of Tucson, on the southwest side of the Sierrita Mountains.

The property can be reached from Tucson in one hour and fifteen minutes over Highway 86 going west to Three Points, turning south to the Sasabe highway 286, thence turning east to a graded dirt road just before reaching the Palo Alto ranch.

This graded dirt road leads to the property in about nine miles. The claims are located in the south half of section 19 and in the north-west corner of section 30, T 18 S, R 11 E, G&SRB&M, about a half mile east of the San Juan Ranch.

There are seven Type B claims in the SW $\frac{1}{4}$ of section 19, named White Hope, White Hope No. 1 through White Hope No. 6, on which a State Mineral Lease No. M 883 has been issued to Mr. Arthur Hendrickson.

Further six Type B claims in the SE $\frac{1}{4}$ of section 19, for which a State Mineral Lease Application has been made by Mr. Arthur Hendrickson. Three more Federal Placer Claims are located on the N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of section 30; these claims are contiguous with the White Hope State lease claims.

The terrain consists of low hills, with an average elevation of about 4000 ft., the tops of the hills are about 4200 and 4300 ft. and the lower part of the claims is around the 3900 ft. contour line.

Three small quarries exist on the property, and are located on the White Hope No. 3, White Hope No. 5 and on the White Hope No. 6 claims. The white marbled limestones were mined, crushed, screened and mostly sold as roofing material during the past years.

Geology of the Area:

The limestones and marbled limestones of this property are classified on the geological map of Pima County as to belong in the Palaeozoic series of rocks, consisting of limestones, shales, sandstone and quartzite. This places these formations in the Devonian, Carboniferous or Permian series.

Apparently no fossil evidence was found to classify these rocks as to belong in one specific era. Intrusive and volcanic activity during Cretaceous and early Tertiary times are very pronounced to the south and west of the property, mainly andesites, basalt and Rhyolites.

The andesite is of an earlier age than the basalt that occurs to the west. On the property the Rhyolite seems to occur only as a Rhyolite porphyry. The andesite, andesite porphyry and diorite porphyry are all of Cretaceous age and can be observed on the property mostly in contact with the limestone and quartzite beds.

Assimilation and metamorphosis of the limestone beds took place, causing zones of garnet, wollastonite and epidote, and in some places tourmaline. The strike and dip of the limestone beds is mostly N 30 to 80 W and dipping 20 to 65 to the southwest.

Folding and faulting took place during and after the Cretaceous period. Intrusive andesite porphyry and diorite porphyry invaded along faults and bedding planes, causing a recrystallization and marbleization of the limestones and dolomitic limestones. Along contacts mostly narrow bands of contact minerals can be observed mostly calcium garnet and wollastonite, but also tourmaline, epidote and probably grammatite and diopside.

The marbled beds are usually finegrained and jointed in two directions, ironstain if present is mostly located along cleavage planes or joints and sometimes some pyrite or markasite can be observed. The color varies from bright white to dull white and translucent with cream and beige tints.

The light grey and grey varieties of limestone and marbled limestone are usually dolomitic in nature. The grainsize varies from fine to medium coarse, the purer limestone marbles usually are more massive and finer grained than the dolomitic varieties.

Most limestone contacts with the intrusive rocks show minor quantities of contact minerals as mentioned above, while sometimes only heavier ironstain and fracturing seem to exist along the contacts.

This could indicate that intrusion took place at shallow depths under relatively low temperature and pressure conditions, while the rapid cooling would account for the fineness of grain in the marbleized limestones.

The few places where contact metamorphism caused heavy garnet zones and some silicification of the limestones could have been originally located at greater depth. Folding and faulting together with the intrusive activities before and after periods of movement obscures the true stratification of the sedimentary beds.

The general trend of the sedimentary series seems to be that the younger formations occur to the southwest, while the older and coarser marbleized limestones seem to occur in a north-easterly direction within one block.

Exploration Drilling:

During the months October, November and December of 1961 diamond drilling of the White Hope claims was undertaken by Paul Lime Plant, Inc. to determine the extent and quality of the marbleized limestone deposits. Drilling was carried out with a Sullivan diamond drill of medium capacity with AX head and screw feed.

Frequent water loss along fractures caused some time loss, but good core recovery in the AX size could be made throughout the drilling program. The location and numbers of the drillsites are indicated on the geological map attached to this report.

Cores obtained were split in the field, half of each ten ft. piece of core bagged into one sample and the other longitudinal half arranged in coreboxes for physical description and reference. The bagged ten ft. samples were sent to the Paul Lime Plant laboratory for chemical analysis.

Mr. Henry Bollweg, Jr., chemist for Paul Lime Plant, Inc., analyzed all the core samples obtained for CaO content, while many of the samples were also analyzed for MgO, Al₂O₃, Fe₂O₃, SiO₂, total Insol and R₂O₃ (See diamond drill logs). Composite samples were sent out by Mr. Bollweg to Hawley, Hawley and to Jacobs assay office to verify results obtained at the plant.

As targets for the diamond drill holes were taken the best possible sites where good grade lime rock was outcropping on the surface to some lateral extent. All holes were drilled as close as possible rectangularly to the strike and dip of the formations, which varied from north to northeast and from 45° to 75° from the horizontal for the direction of the holes.

Hole #1 0 to 20 Ft. is 20 Ft. of plus 94% CaCO₃ rock
 20 to 40 Ft. is 20 Ft. of minus 94% CaCO₃ rock
 40 to 155 Ft. is 115 Ft. of plus 96% CaCO₃ rock

Total of good rock corrected to 130 ft. in two sections at 176 ft. depth drill enters contact zone of mixed intrusive and limestone rock to a depth of 180 ft. below which altered diorite porphyry was drilled through to 215 ft. depth.

Hole #2 Was not drilled because of lack of road to the site.

Hole #3 In upper quarry, left side.

 0 to 20 ft. is 20 ft. of plus 96% CaCO₃ rock
 20 to 40 ft. is 37 ft. of Dolomitic rock
 57 to 80 ft. is 23 ft. of mixed intrusive and
 limestone rock

Total good rock in this location 20 ft. (plus 10 ft. from quarry floor to original surface) is 30 ft. (continuous).

Hole #3A Same quarry, right side.

 0 to 10 ft. is 10 ft. of plus 96% CaCO₃ rock
 10 to 50 ft. is 40 ft. of minus 94% CaCO₃ rock
 50 to 60 ft. is 10 ft. of plus 97% CaCO₃ rock
 60 to 90 ft. is 30 ft. of dolomitic rock
 90 to 120 ft. is 30 ft. of plus 96% CaCO₃ rock
 120 to 200 ft. is 80 ft. of dolomitic rock

Total of good rock in this location 50 ft. (plus 10 ft. from floor to original surface) in 3 sections down to 120 ft. depth. From 200 to 235 ft. drill enters contact zone of mixed intrusive and limestone rock.

Hole #4 0 to 10 ft. is 10 ft. of fractured surface rock
 10 to 60 ft. is 50 ft. of plus 94% CaCO₃ rock
 60 to 121 ft. is 61 ft. of dolomitic limestone

Enters contact zone at bottom of hole. Total of good rock in this location 55 ft. (continuous).

Hole #5 Enters intrusive stringer down the dip below one ft. of soil and was relocated to 5A.

Hole #5A 0 to 20 ft. is 20 ft. of dolomitic rock
 20 to 40 ft. is 20 ft. of plus 94% CaCO₃ rock
 40 to 50 ft. is 10 ft. of below grade rock
 50 to 80 ft. is 30 ft. of plus 94% CaCO₃ rock
 80 to 98 ft. is 18 ft. of dolomitic rock

Total good rock this hole corrected to 48 ft. in two sections from 21 ft. to 80 ft. depth.

Hole #6 0 to 30 ft. is 30 ft. of plus 96% CaCO₃ rock
 30 to 50 ft. is 20 ft. contaminated by intrusive stringer
 50 to 71 ft. is 21 ft. of plus 95% CaCO₃ rock

Total good rock this hole 50 ft. in two sections down to 71 ft. This hole should be continued.

Hole #7 Enters intrusive stringer below soil overburden and was abandoned at 20 ft. depth.

Conclusions: The geological mapping up to date indicates that the individual limestone blocks have irregular boundaries caused by folding and presence of intrusive rocks, mostly along faults and bedding planes, but also intruded in joints and fractures perpendicular to the dip.

The unpredictable presence or absence of intrusive rocks in the limestones at depth makes it necessary to drill a regular pattern of drill holes in each block for instance on 100 ft. centers.

Even though the diamond drilling was of limited extent it did indicate the presence of a considerable tonnage of good Calcium carbonate rock, separated by beds of dolomitic rock and below grade material.

In actual mining practice it would be necessary to mine the below grade and dolomitic limestones separately to avoid contamination of the good lime rock and maintain a consistent grade kiln feed.

It is estimated that by doing additional diamond drilling the reserves of high grade calcium carbonate rock might prove to be in the order of 4 to 5 million tons.

The differences in physical appearance of the high grade marbleized limestones along the strike make it desirable to run separate kiln and other tests on good sized samples to determine their adaptability towards the fabrication of lime products.

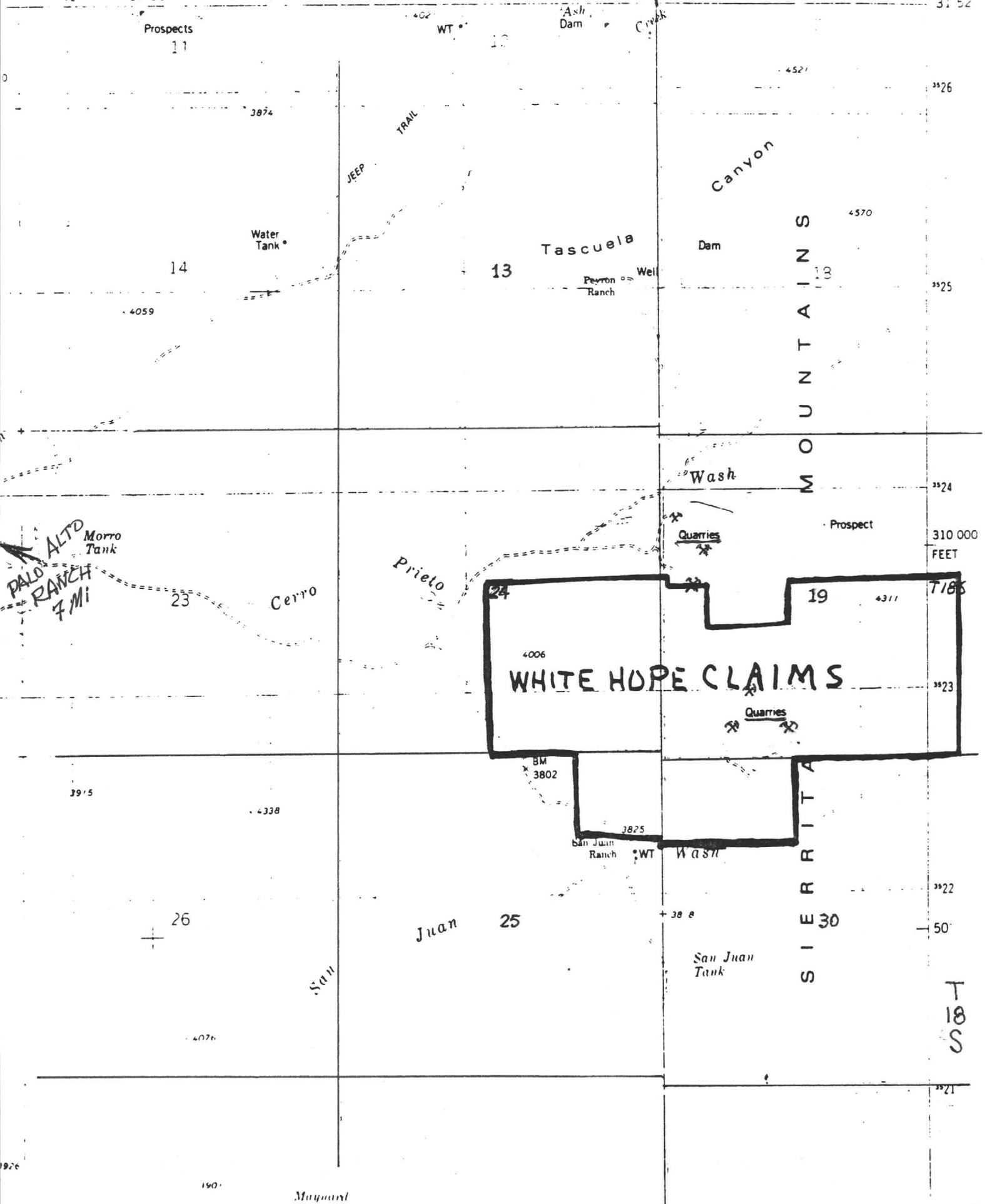
Respectfully submitted,

Dirk den Baars
Consulting Geologist

PENITAS HILLS QUADRANGLE
RIZONA—PIMA CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)
SE 4 PALO ALTO RANCH 15 QUADRANGLE

RIOE RIE

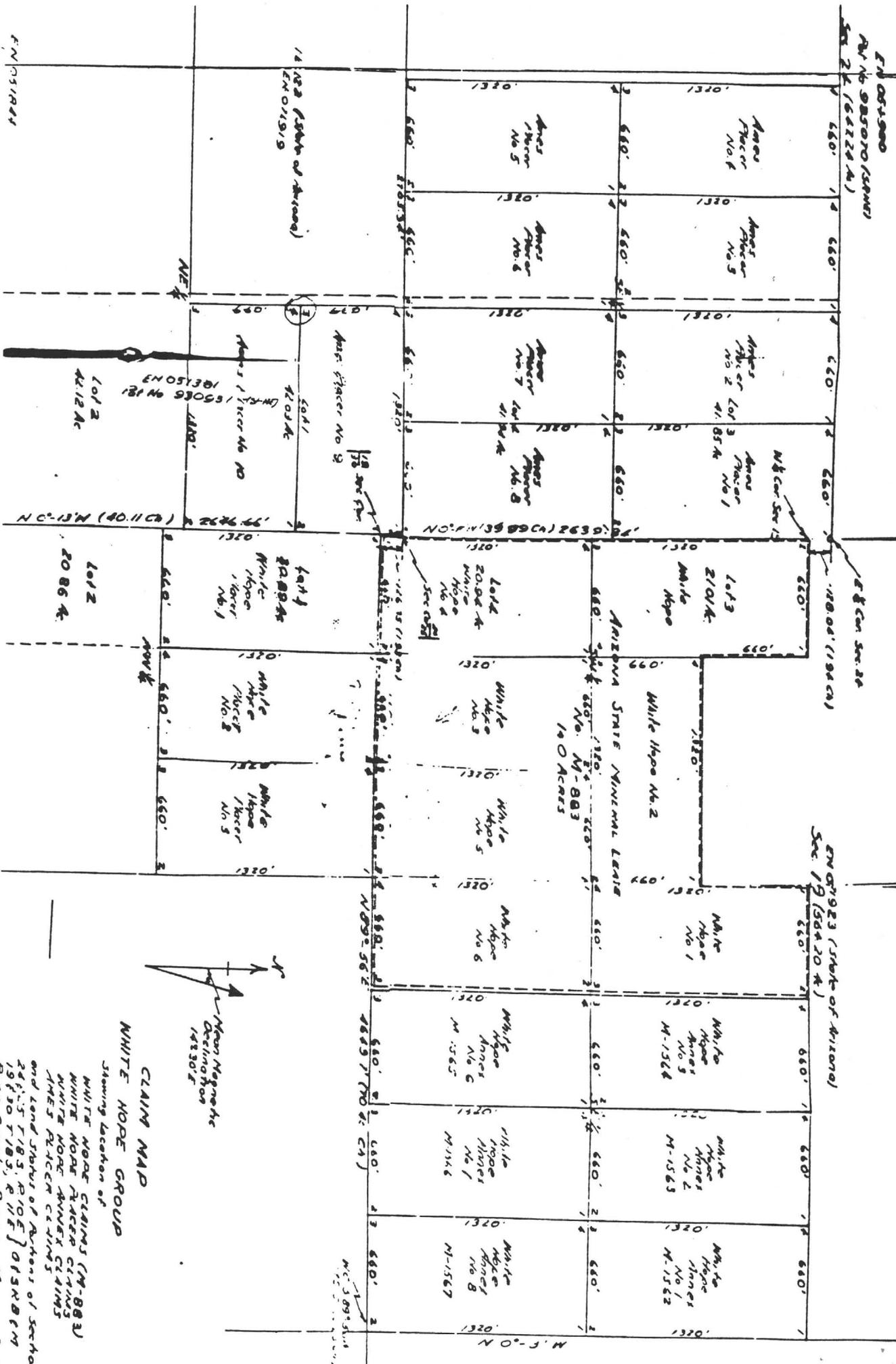
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WHITE HOPE CLAIMS
Quarries
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San Juan Ranch • WT Wash
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PALO ALTO
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CLAIM MAP
WHITE HOPE GROUP

Showing location of
 WHITE HOPE CLAIMS (M-883)
 WHITE HOPE TRACER CLAIMS
 WHITE HOPE MINER CLAIMS
 JAMES RICE CLAIMS
 and land status of portions of sections
 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40
 T18S, R10E, O15N, B6M
 King County, Pogo Mine District,
 State of Arizona

C. H. Macdonald 10/20/61

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine White Hope Quarries

Date April 29, 1964 ✓

District Papago District, Pima Co.

Engineer Axel L. Johnson

Subject: Mine Visit. Information from Dale C. Brittain and Bob Woodworth.

References: Report of June 26, 1959.

Location: See report of June 26, 1959.

Owner: Dale C. Brittain, 891 E. Alta Vista, Tucson.

Lease or Option: Sierrita Marble Products, 4025 E. Third St., Tucson, Arizona.

Contractor: Bob Woodworth, Box 97-C, Sasabe Star Route, Tucson.

Principal Minerals: Marble.

Present Mining Activity: Operated by Bob Woodworth, who has a contract from R.O. Classon, Sierrita Marble Products, for quarrying the marble required for the Sierrita Marble Crushing and Screening Plant at Three Points.

Review of Operations: Mr. Woodworth has a contract of so much per ton for the quarrying. The marble is then hauled to the marble plant at Three Points in the Sierrita Marble Products own trucks.

Operations at the White Hope Quarries were started on Mar. 8, 1964. Since then 96 tons of marble have been quarried and hauled.



STATE OF ARIZONA
DEPARTMENT OF MINERAL RESOURCES
MINERAL BUILDING, FAIRGROUNDS
PHOENIX, ARIZONA



Tucson, Arizona,
July 12, 1960

Mr. Frank P. Knight, Director,
State Dept. of Mineral Resources,
Phoenix, Arizona.

Dear Frank:

Regarding your letter of July 7, reg. Dale Brittain's marble royalties:

I have just discussed the matter with Mr. Brittain by telephone, and received the following information.

The Brittain-Hendrickson Mining Co. operates the White Hope Quarries, 25 miles south of Three Points (see report of White Hope Quarries --June 26, 1959), and sells the marble to Sierrita Marble Products at Three Points. Mr. Brittain and Mr. Hendrickson now do all the work themselves, including the drilling and blasting.

The marble is sold to Sierrita Marble Products f. o. b. mine at a price of \$ 3.50 per ton, ~~and~~, which is really all they can afford to pay, considering the fact that they have to haul the marble 25 miles to their crushing and screening plant, process it in their plant, and then haul the product an additional 25 miles to markets in Tucson.

Mr. Brittain stated that Mr. Townsend, the State Land Dept. geologist has valued the marble at \$ 10.00 per ton for the purpose of computing royalties, and Mr. Brittain, of course, is objecting to this, when he only gets \$ 3.50 for the product.

Dale Brittain told me that he would be glad to write you a letter, stating the facts of the case, so you will probably hear from him direct. He also said that he had an appointment to see Mr. Lassen at the State Land Dept., Phoenix next Friday, and may have time to stop in and see you in your office before the meeting with Lassen.

Sincerely,

Axel L. Johnson,
Box 5047, Tucson, Ariz.

L-01 K

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine White Hope Quarries

Date June 26, 1959 ✓

District Papago Mining District, Pima County

Engineer Axel L. Johnson

Subject: Field Engineers Report. Information from Dale C. Brittain & personal visit.

Location: About 50 miles SW of Tucson. From Tucson take the Ajo Road, #86, to Three Points. Turn left at Three Points and drive $14\frac{1}{4}$ miles south on the Three Points-Sasabe road. Turn left and drive 10 miles to the quarry.

Number of Claims: 11 unpatented claims -- 7 claims on State lease, and 4 claims on Federal land adjoining same on the south.

Owners & Operators: Brittain-Hendrickson Mining Co., 891 E. Alta Vista, Tucson, Arizona.

Principal Product: Marble

Present Mining Activity: Excavating marble rock from an open cut. Production about 20 yds. or 26 tons per day. One man working (Dale Brittain), sometimes helped by his son. Drilling and blasting is contracted out to another party.

Rock Analysis: Mr. Brittain reports the following chemical analysis of the marble rock -- CaCO_3 - 98%; SiO_2 - 1.2%; Fe - 0.5%.

Milling & Marketing Facilities: The marble rock excavated is sold to Sierrita Marble Products f.o.b. mine at a fixed price per ton of rock (price not given). See report of same date on Sierrita Marble Crushing and Screening Plant.

Past History: No past history. This is a new operation.

Present Operation: The drilling and blasting is contracted out to Alejandro Chiquete at a price of 10¢ per foot of hole drilled and blasted. 10 ft. holes, $1\frac{1}{2}$ " to $1\frac{3}{16}$ " dia. are drilled by means of a jackhammer and a 105 cfm compressor.

Ammonium nitrate is used to break the rock, the other ingredients added to the ammonium nitrate depending on the hardness of the rock. Sometimes fuel oil is added, sometimes fertilizer and sometimes it becomes necessary to add some black powder to the charge.

The rock blasted is pushed from the mine workings with a TD 9 Skid Shovel and dropped through a 7" grizzly. Below this grizzly is a 3' x 5' screen with $1\frac{1}{4}$ " mesh, which screens out the dirt and the fines. Mr. Brittain reports that 18 to 20% of the material is screened out in this operation. The oversize from the screen drops in a pile and is loaded on the Sierrita Marble Products' trucks by means of the Skid Shovel.

The open cut is still relatively near the surface, and, consequently contains streaks of surface material and marble with a yellowish color. As the agreement specifies white marble, a large amount of the material quarried at the present time must be wasted. Mr. Brittain reports that he has to move about 60 cu. yd. of waste per day to obtain 20 cu. yd. of good white marble. Mr. Brittain reports that the marble in the bottom of the pit is now pure white, and he expects very much less waste when the excavations can be made at a lower level.

This property Active Feb. 1959, Oct, 1959, Feb. 1960, Sept. 1960, Feb. 1961, Oct. 1961.

Active Feb. 1962 - 2 men working.

WHITE HOPE QUARRIES

PIMA COUNTY

Temporarily operated as the demands require, supplying Sierrita Marble Crushing and Screening Plant with marble. 1 man on the job working on the truck.

ALJ WR 5/4/64

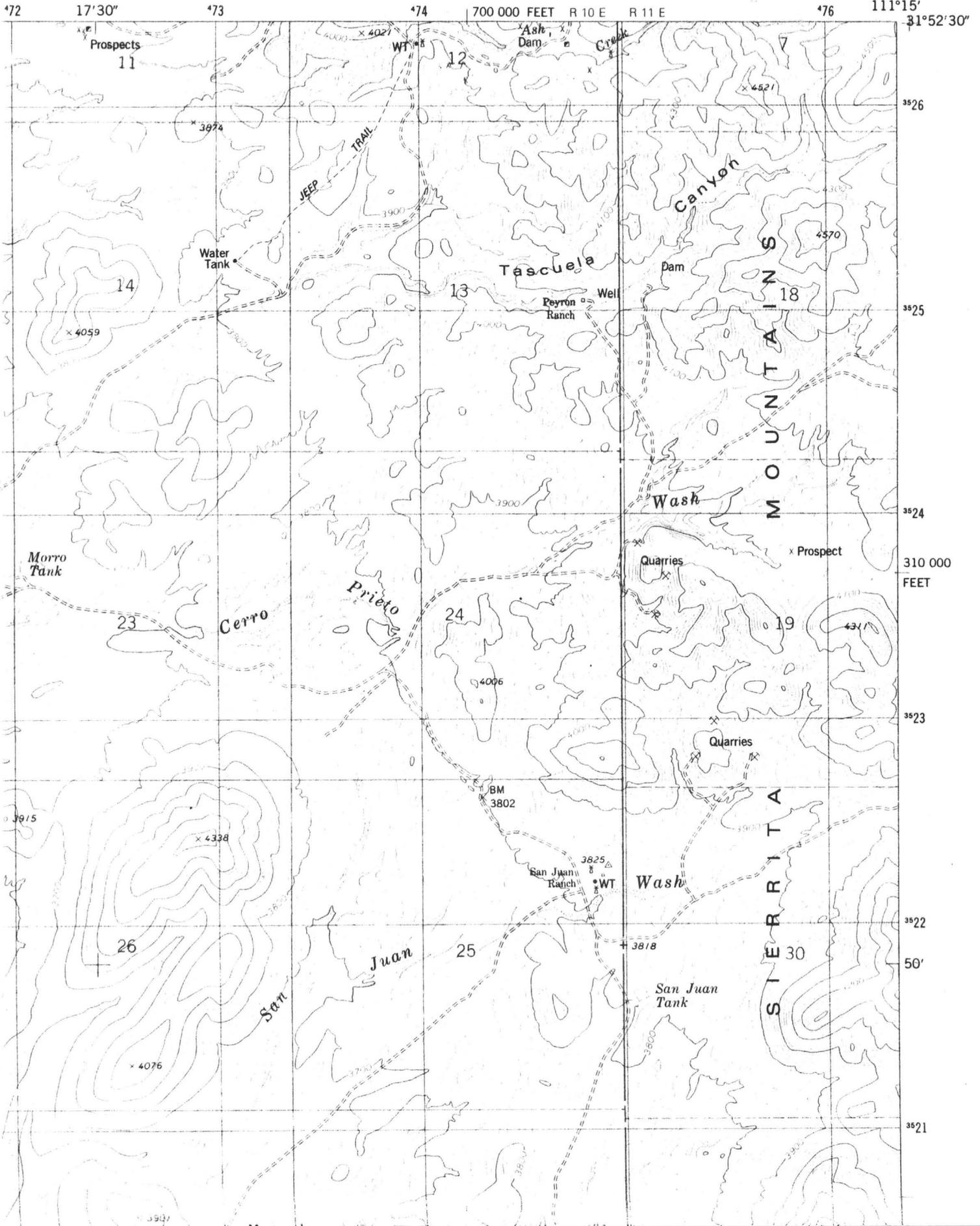
PEÑITAS HILLS QUADRANGLE

ARIZONA—PIMA CO.

7.5 MINUTE SERIES (TOPOGRAPHIC)

SE/4 PALO ALTO RANCH 15' QUADRANGLE

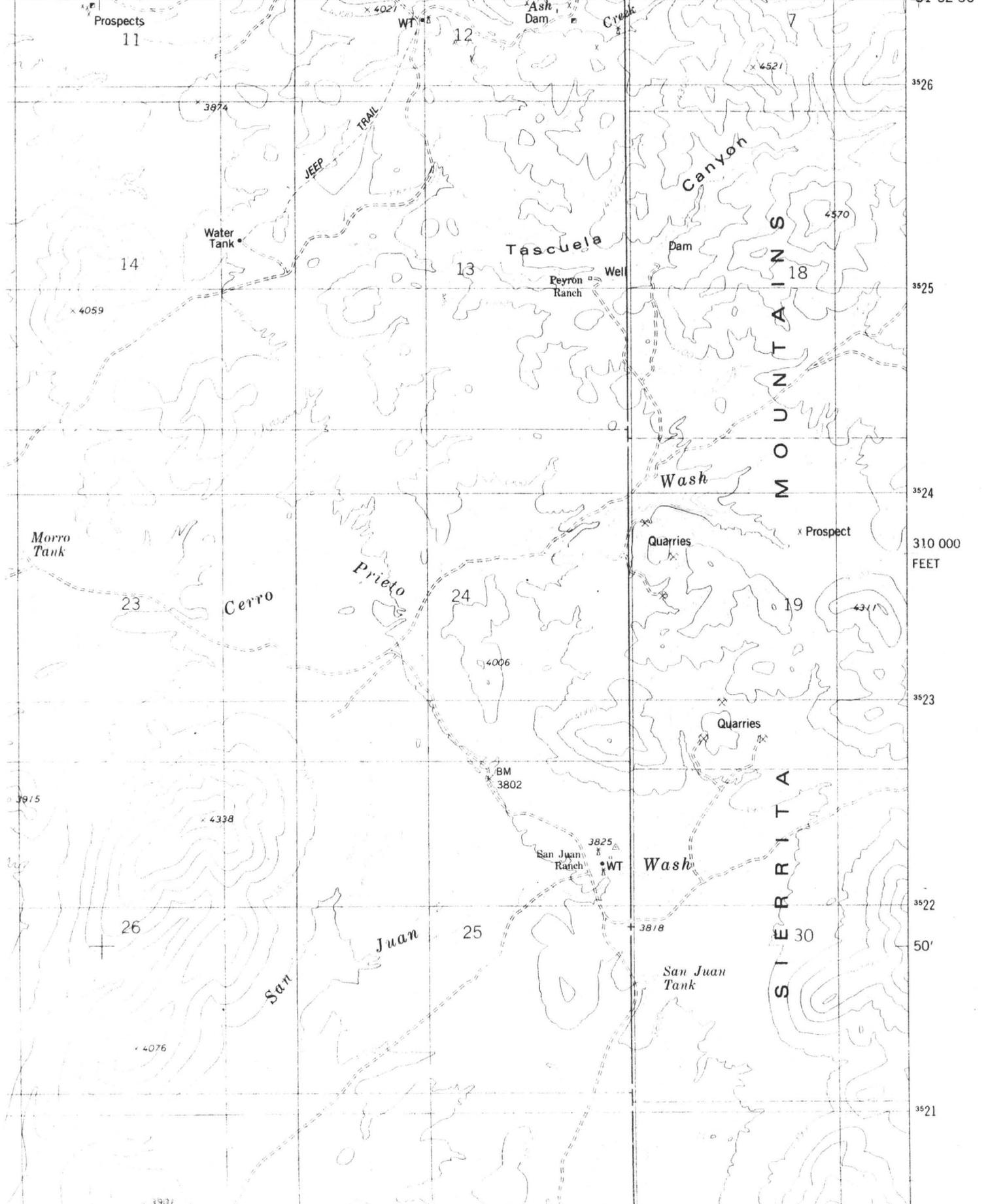
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(TWIN BUTTES)
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PEÑITAS HILLS QUADRANGLE
 ARIZONA—PIMA CO.
 7.5 MINUTE SERIES (TOPOGRAPHIC)
 SE/4 PALO ALTO RANCH 15' QUADRANGLE

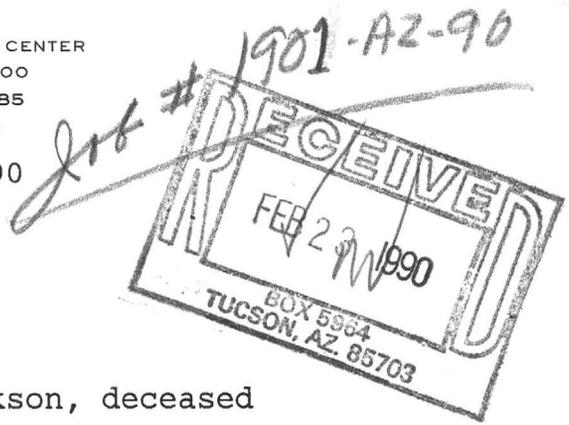
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 (TWIN BUTTES)
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FIRST INTERSTATE BANK FINANCIAL CENTER
4400 EAST BROADWAY, SUITE 800
TUCSON, ARIZONA 85711-3585
TELEPHONE (602) 795-6630

February 22, 1990



Mr. Walt Heinrichs
Heinrich Geoexploration Co.
P.O. Box 5964
Tucson, Arizona 85703-0964

Re: Estate of Patricia M. Hendrickson, deceased

Dear Mr. Hendrichs:

As a follow-up of our telephone conversation of today concerning my request that you appraise the State of Arizona Mineral Lease, Type B, Number 883, for the above estate, I enclose the following:

1. A full and correct copy of said mineral lease. The annual rent paid to the state is \$90.00.
2. A copy of Affidavit of Performance of Annual Assessment Work and Mining Activity" dated May 28, 1989 and filed by Arthur R. Hendrickson. (This was furnished to me by Michael Rice of the Arizona State Land Dept.).

I do not have a plat map of the leased property but the legal description is set forth in the enclosed lease.

To the best of my knowledge there has been no mineral removed, or income realized, from the lease for approximately twenty-five years.

I request that your appraisal be predicated on what the lease could be sold for presently. I would also request that you comment in your appraisal on the availability of any buyer that would be now available, and if a buyer is not readily available comment on how that effects current value and marketability of the lease.

After your initial assessment of what is required to make the appraisal please call me and advise what you will charges will be for the appraisal before proceeding further.

Please contact me if you need anything further.

Sincerely yours,

LAW OFFICE OF JOHN PRICE

By John Price
John Price

JP: jlp
Encls.



TELEX: 364412 INTR ID 894
FAX: 602/326-4019

HEINRICHS GEOEXPLORATION COMPANY

P.O. BOX 5964, TUCSON, ARIZONA 85703, 806 WEST GRANT ROAD. PHONE: (602) 623-0578

March 1, 1990

John Price, Esq.
First Interstate Bank Financial Center
4400 East Broadway, Suite 800
Tucson, AZ 85711

Re: Estate of Patricia M. Hendrickson
deceased.

Dear Mr. Price:

This will answer your letter of 22 February and confirm our phone conversation of 27 February 1990.

A formal appraisal of Arizona State Mineral Lease Number 883 is required.

As you are aware, mineral land appraisals, relative to mineral value, are inherently subjective, imprecise and controversial. This is because the fine art of geology and "visualization" of the subsurface is necessary. As to the cost of appraising mineral land, it has been said that only after the deposit has been finally mined out, is an accurate and realistic appraisal of that deposit feasible. Anything prior to that event must then be the result of compromise. In this case, the compromise will be on the side of economy and prima facie evidence.

On Monday 26 February, I spent 2.5 hours on library and telephone research. Yesterday, I spent another hour and the combined effort has yielded some very worthwhile and fairly detailed information, including maps, which came from the Phoenix office of the Arizona State Dept. of Mines and Mineral Resources. Now, I am awaiting some market information hopefully available within the next few days along with whatever I can get from the State Land Department.

As I mentioned, State Mineral Leases are in extreme hiatus related to new law which requires the State to totally revise their leasing methods, procedures and royalties. By phone, I have requested a statement regarding what the new royalty, etc. might be on Lease 883 but there are no assurances that anything really useful will be forthcoming. Right now, their approach seems to be evolutionary and may take a decade or more to get straightened out. By law, they must now first appraise the land (deposit) then lease to the highest bidder - same as any real estate. In practice, they may try to give some

John Price, Esq.
March 1, 1990
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preferential treatment to prior existing lessors but, legally, it may be tricky to accomplish.

I gave you an estimate of \$1,750.00 to \$1,800.00 including site inspection and summary letter. This is based on my time at \$75.00 per hour plus expenses. I will try to hold it down as much as I can. The site should be inspected, but not much time need be spent on the ground now that considerable pertinent data are in hand.

I should be able to get back to you next week.

Sincerely,
Heinrichs GEOEXploration Co.



Walter E. Heinrichs, Jr., President
Geological Engineer - Geophysicist
P.E. & C.P.G.

WEH:jh

John Price, Esq.
March 1, 1990
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