DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE Idm-E NO._____ DMEA NO. 5068

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [X] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958
DATE

224 New Customhouse
Denver 2, Colorado
June 26, 1958

Memorandum

To: Secretary to the Operating Committee

From: Alternate Acting Executive Officer, DMEA Field Team, Region III

Subject: Application for DMEA Aid (Manganese-Copper) Zanzibar Mining Company (Thumb Butte claims) Pinal County, Arizona

Enclosed are the original and two copies of the subject application in the amount of $50,000.00.

Only two copies of the State Mineral Lease, two copies of Schematic Drilling Plan and two copies of Schematic Cross Section were included with the application. One copy of each is attached to the original copy of the application and one copy is being retained with our copy of the application.

Copies of the Applicant's letter and our reply are attached to each copy of the application.

J. W. Townsend

EXTRA COPY
DMEA
RECEIVED
DATE | CODE

Mr. Hale C. Wagoner
7th Floor Nat'l Bank Bldg.
Phoenix, Arizona

Re: Application for DMEA Aid
(Manganese-Copper) Sunrise
Mining Company (Thumb Butte
claims) Pinal County, Arizona

Dear Mr. Wagoner:

This will acknowledge receipt of four copies of the captioned application which are being forwarded the Washington Office, DMEA, for further processing.

It is very probably impossible to process the subject application to completion before the expiration of the present DMEA program, which expires June 30, 1958. However, legislation has been introduced in the Congress to continue the DMEA type of exploration aid. If such legislation is enacted, upon written request, your application will be considered under the rules and regulations established for the new program.

Very truly yours,

Original signed by
J. W. TOWNSEND

J. W. Townsend
Alternate Acting Executive Officer
DMEA Field Team, Region III

DMC:dp

cc: Marshall
Gen. Op. Comm.
Rinale
Emerick
Docket
Chron.

LAW OFFICES
TOGNONI, PARSONS & GOODING
721 FIRST NATIONAL BANK BUILDING
411 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
WILLIAM H. GOODING

TELEPHONE
ALPINE 4-2147

June 25, 1958

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1958
REGION III
DENVER, COLORADO

DMEA, Field Office
224 New Customhouse
Denver 2, Colorado

Re: Application by Zanzibar Mining Company for DMEA Loan on Thumb Butte Mining Claims

Gentlemen:

Enclosed find the following documents:

1. 4 copies of the Application for Aid in an Exploration Project signed by Hale C. Tognoni, general counsel for Zanzibar Mining Company of Nevada (Form MF-103)

2. 4 copies of memorandum accompanying Application for Aid in an Exploration Project, pursuant to DMEA order #1.

3. 2 copies of State Mineral Lease M-699.

4. 2 copies of Schematic Drilling Plan, State Mineral Lease No. 699.

5. 2 copies Schematic Cross Section, including discovery hole on outcrop.

Sincerely yours,

Hale C. Tognoni

Hale C. Tognoni

HCT:dh
AIRMAIL
SPECIAL DELIVERY, CERTIFIED
RETURN RECEIPT

Form MF-103
Revised Oct. 1957

UNITED STATES
DEPARTMENT OF THE INTERIOR

Budget Bureau No. 42-R...
Approval expires June 30, 1958

DEFENSE MINERALS EXPLORATION ADMINISTRATION

APPLICATION FOR AID IN AN EXPLORATION PROJECT

PURSUANT TO DMEA ORDER I, UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

NAME OF APPLICANT (Full legal name and mailing address as it should appear on contract if one is executed)

Zanzibar Mining Company of Nevada
c/o Tognoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

APPLICANT NOT TO USE THIS BLOCK

Docket Number: DMEA-5068
Date Received: 6-30-58
Government Participation %:
Region: III
Division Code: 400

BUSINESS ORGANIZATION (Check one)

- Individual [ ]
- Corporation [X]
- Partnership [ ]
- Other (Specify) [ ]

State in which firm is organized: Nevada

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

Name	Address	Title
Dudley L. Davis,	1528 Michigan Ave., Salt Lake City, Utah	Pres. & Gen. Mgr.
Tom Lorrance,	Dumas, Texas	Vice-Pres.
Peter J. Burfening,	15 E. 1st St., Reno, Nev.	2nd Vice-Pres
William G. Gill,	512 Wilson Tower, Corpus Christi, Tex.	Director
Lois Moore,	2301 E. Pinchot, Phoenix, Ariz.	Secy-Treas.
Hale C. Tognoni,	721 1st Natl Bk Bldg, Phoenix, Ariz.	General Counsel

Mineral(s) for which you wish to explore: Manganese and Copper

Estimated Cost of Project: $ 50,000.00

LOCATION OF PROPERTY

Name	County	State
Thumb Butte	Pinal	Arizona

GENERAL INSTRUCTIONS

Before filling out this application, please read DMEA Order-I, Revised, "Government Aid in Defense Exploration Projects." To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 1, existing mine workings and geology in item 2, and the proposed exploration project in item 4. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 2(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Defense Minerals Exploration Administration, Department of the Interior, Washington 25, D. C., or with the nearest DMEA Field Office.*

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief.

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1958
REGION III
DENVER, COLORADO

June 25, 1958
Dated

Hale C. Tognoni
BY *(Signature)*

Hale C. Tognoni
General Counsel
Title

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. *Applicant's Property Rights:*

(a) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all land adjacent to the proposed project area which you own or control. Describe any part of the project land or workings which should not be subject to Government lien for royalty payments. If the land consists of unpatented claims, state the book and page number for each recorded location notice, including amended locations, and the place where recorded (courthouse, recorder's office, county, and state).

(b) State all the names by which you know the property.

(c) State your interest in the land, whether owner, lessee, purchaser under contract, or otherwise. If you are not the owner, submit with this application one exact copy of the lease, contract, or other document (with address of owner) under which you control the property.

(d) Describe all liens, mortgages, or other encumbrances on the property.

2. *Physical Description:*

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the lands, including existing mine workings. Describe all production facilities.

(b) State your interest, if any, in operations stated in 2*(a)*.

(c) State, as far as you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves on the property giving quantities and grades and sampling methods used, supporting your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you may have, indicating on each whether you require its return to you.

3. *Accessibility of Project:*

(a) To aid DMEA representatives who may be required to examine the property, state the name and address of the person who will meet the DMEA representative; give directions for reaching the property; and describe accessibility of the property including the mine workings.

(b) Name the shipping and supply points and places where employees reside and state the distances between them and the property.

4. *The Exploration Project:*

(a) Describe fully the proposed exploration project giving individual footages and sizes of openings *for each item of work*. Use narrative, maps, plans, and longitudinal and cross sections as necessary. Show the location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *property boundaries* or to the closest identifiable corner.

(b) If an access road to the project must be built, show the location on the property map and state the length, type, and construction methods proposed.

(c) In the event that an exploration contract with DMEA is executed, how soon will the work start and how many months will be required to complete it? State your anticipated average daily or monthly rate of progress for each type of work.

5. *Experience:*

State your operating experience and background with relation to your ability to carry out this exploration project, and also that of the person or persons who will supervise the operations.

6. *Estimate of Costs:*

Furnish detailed estimates of the costs *for each item of the work proposed in 4(a)* under the headings listed below with a total for each heading and the estimated total cost of the project. Costs for any work to be performed by an independent contractor should be shown separately under category *(a)* below. Costs for any work that is not to be performed by an independent contractor should be given in detail under categories *(b)* through *(g)*.

(a) Independent contracts. State the cost of any proposed independent contract for the performance of all or any part of the work, expressed in units of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. *(Note* – If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. For necessary supervision, engineering and geological services, and labor, include an itemized schedule of numbers, classes, rates of wages, salaries or fees, and periods of employment. State whether these technicians and employees are available.

(c) Operating materials and supplies. List items of material and supplies with their cost. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of operating equipment to be used giving specifications and indicating how each item is to be acquired – i.e., rented, purchased, or provided by the applicant. If it is rented or purchased, state the estimated rental or purchase price. If it is to be furnished by the applicant, give its present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of necessary *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant, which will be used on the exploration project.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration project stating specifications and cost including labor, materials and supervision.

(g) Miscellaneous. For the operating equipment listed in 6*(d)*, describe the type and estimate the cost of repairs and maintenance expected during project operations. Do not repeat initial repairs listed in 6*(e)*. Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories.

Note – No items of general overhead, corporate management, interest, taxes (other than payroll and sales taxes), or any other indirect costs, or work performed or costs incurred before the date of the contract, should be included in the estimate of costs.

7. *(a)* State whether you are prepared to furnish your share of the cost of the proposed project in accordance with the regulations on Government participation stated in Sec. 7 of DMEA Order–I, Revised.

(b) Explain to what extent you propose to furnish your share of the costs by providing money, by use of equipment owned by you, or otherwise.

* * * * *

INT.-DUP. SEC., WASH., D.C. 25960

MEMORANDUM ACCOMPANYING APPLICATION FOR AID IN AN EXPLORATION PROJECT PURSUANT TO DMEA ORDER NO. 1

1. Applicant's Property Rights.

(a) The property concerned is an Arizona State Mineral Lease No. M-699 and covers 40 acres in the NE¼SE¼, Section 32, Township 3 South, Range 12 East.

(b) The names of the mining claims are the Thumb Butte and the Thumb Butte #1, and to the best of our knowledge there are no other names.

(c) The interest in the land is that of an Arizona state mineral lessee, and a copy of said lease is attached to this application.

(d) The state mineral lease #M-699 is to be assigned to the applicant by Thomas L. Moran and William G. Gill, and the assignors are to receive as consideration for this assignment $5000.00 to be paid at the rate of 10 percent gross returns for all minerals sold from the property until the $5000.00 is paid, and a royalty of 5 percent of the net smelter returns will be paid to the assignors thereafter.

2. Physical Description.

(a) The principal work done on the property to date has been one open cut in the side of a cliff approximately 30 ft. high and 20 ft. wide.

(b) The open cut described above was dug by the original locators and lessees of the property, Mr. Martin S. Gibbs and Mr. Charles Prose. All rights to these improvements were assigned to Thomas L. Moran and William G. Gill.

(c) To date, to the best of our knowledge, there have been no shipments of ore from the property.

(d) Samples were taken by Arizona Professional Engineer 2048, Hale C. Tognoni, on April 8, 1957 from a 20-foot channel cut across the face of the cut described above. This sample was a channel cut which was taken in one small sample for the purposes of determining mineral content and an additional 50 lb. sample for mill testing. It was estimated that the face of this outcrop would run from 10 to 15 percent manganese. Mr. Ralph Godfrey ran mill tests on the 50 lb. sample and said that the results of his test showed that the sample could be brought up to 40 percent manganese, but that he only had 60 percent recovery by the methods that he was using, which means 40 percent of the surface minerals are pyrolusite which cannot be recovered by heavy media methods.

This particular outcrop is merely a very likely looking prospect and has as yet had no assay map or ore reserve maps prepared.

(e) The outcrop of manganese appears to be a replacement deposit in limestone (probably the Martin limestone of the Apache Series). This outcrop could be traced for 100 ft. along the edge of the cliff and is found to again outcrop on the North side of the hill approximately one-half mile to the North. Most of the hills in the area are capped by dacite. The deposit appears

to follow one bed within the limestone, and this limestone dips North 46 degrees West and the outcrop strikes North 46 degrees East.

(f) The above sample is the only sample taken by the applicant across the existing open cut, and the returns from that sample will follow this application.

(g) There are no complete engineering reports on the property. The only engineering data to date is that of a letter report by Hale C. Tognoni on April 8, 1957 in which the above statements are reported.

3. Accessibility of Project.

(a) The property is within a mile of the Southern Pacific Railroad station at Cochran, Pinal County, Arizona. The Gila River parallels the railroad at this point and must be crossed to get to the property. On the North side of the river a steep jeep trail approximately one mile long leads to the mine. To reach the property one leaves U.S. Hwy. 80-89 near the State Prison at Florence, Arizona, and follows the Ray-Florence gravel highway 17 miles to a group of low granite hills. A partly graded gravel and dirt road leaves the Ray-Florence highway at this point and goes North 13.3 miles to the Cochran Station and then travels .6 mile between the railroad and the river to the river crossing South of the mine.

When the river is too high to afford easy crossing the property can be reached from the North by a dirt road which leaves U.S. Hwy. 60-70 three miles East of Florence Junction. This road runs for 20 miles through a number of steep mountain grades and terminates 1/2 mile North of the property on an outcrop of the mineralized bed upon which the Thumb Butte claims are located.

The road from Cochran station to the mine will need considerable improving in order to take drilling equipment up on the property. The road in from the North would likewise require considerable improvement and reconstruction.

The DMEA representative should contact Hale C. Tognoni, at 721 First National Bank Building, Phoenix, Arizona, who will meet him and go with him to the property.

(b) The old railroad station at Cochran is the closest point for employees to reside and from which shipments of ore can be made. This station is approximately two miles by road from the property.

4. The Exploration Project.

(a) The proposed exploration project is that 20 drill holes on 50' centers varying from 70 to 90 ft. be drilled to intersect the bed at a depth of approximately 50 ft. below the point where the bed enters the ground. These drill holes are plotted out on the enclosed sketch. After this preliminary drilling program has intersected the bed at 50-foot depths and it is found that the mineralization continues it is then proposed that a second line of holes be drilled which will intersect the bed at 100-foot depths. If the mineralization is found to continue at this depth, then it is proposed that an incline shaft be sunk down the dip of the bed to further explore the property.

(b) The present access road from the Cochran station across the river and to the property will have to be repaired, and it is estimated that this road will cost approximately $5000.00.

(c) In the event that the exploration contract is executed, the applicant intends to begin work within the following month, and it is anticipated that it will take approximately one month to prepare the site and build necessary roads, three weeks for the drilling stage and possibly three months for the sinking of the incline shaft. The anticipated average daily drilling is 50 ft. a day, and anticipated for sinking the shaft is an average of 5 ft. a day.

5. Experience.

The Zanzibar Mining Company is an old Nevada mining company recently reactivated for the purposes of exploring its own property at Manhattan, Nevada, and the subject property. The General Manager of the company is Dudley L. Davis, who will be in charge of this particular project and who is a graduate of Mackay School of Mines, holding a degree of Bachelor of Science in Mining Engineering, and an Engineer of Mines degree. Since his graduation he worked as exploration geologist and mining engineer for Anaconda Copper Company for approximately 10 years, and his final work was as chief geologist and engineer at Darwin Mines. He then became the assistant chief for the A.E.C. Branch out of Salt Lake City. He held this job for two years and then became General Manager for Bay Shore Mining Company, which is an exploration company. He is now in charge of one of the Bay Shore Mining Company's clients' operations in British Columbia. Chief Geologist in charge of this particular project will be Harry E. Nelson, consulting engineer out of Las Vegas who was with Anaconda Copper Company at Butte, Montana, for a number of years and later with the A.E.C. Also taking part in the management and acting as general counsel for the company is Hale C. Tognoni, consulting engineer and attorney at law, Phoenix, Arizona.

6. Estimate of Costs.

The estimated costs of this project will be as follows:

Repair of access road and preparing drilling sites	$10,000.00
Drilling 20 - 70 to 90' holes - 1600' of drilling @ $5.00 per ft.	8,000.00
Drilling 19 - 140 to 200' holes - 3500' of drilling @ $7.00 per ft.	24,500.00
Move in and move out time charge	1,000.00
Consulting Geologist charges	1,500.00
Sinking incline shaft - 150' @ $25.00 per ft.	3,750.00
Misc. camp cost - rental and water supply	1,250.00
Total	$50,000.00

7. (a) The applicant will furnish their share of the

costs of the proposed project through loans from their two major stockholders, William G. Gill of Corpus Christi, Texas, and Thomas L. Moran of Dumas, Texas.

(b) The owner's share of the costs will be furnished by furnishing money and costs of technical help.

(c) All drilling, road construction and shaft sinking will be done by contract.

ORIGINAL

Type of Lease LODE

Lease No. M-699

State Land Department

STATE OF ARIZONA

DMEA
DEPARTMENT OF THE INTERIOR
JUN 26 1958
REGION III
DENVER, COLORADO

MINERAL LEASE

This lease made and entered into this 22nd day of October, 19 56, by and between the State Land Department, party of the first part, hereinafter called the lessor, by reason of the authority vested in it by the Arizona Code Annotated, 1939, as amended, and M. L. CLARK and CHARLES O. PROSE party of the second part, hereinafter called the lessee.

W I T N E S S E T H :

The lessor has this day leased to the said lessee, for and in consideration of the rental, royalties, covenants, stipulations and conditions hereinafter contained, and hereby agreed to be paid, observed and performed by the said lessee, for the purpose of extracting and shipping ores and mineral substances from or under the following land to-wit:

Name & Number of Claim	Description	Section	Township	Range	Acreage	Grant	Amount
See lease supplements for description							

containing 40 acres, more or less, with a total annual rental of FORTY AND 00/100 DOLLARS

TO HAVE AND TO HOLD the same for the period ending the 21st day of October 19 76

RIDER No. 1

This lease confers on the lessee the right:

1. To extract and ship minerals, mineral compounds and mineral aggregates, herein also called "minerals" or "ore", from the property above set forth located within planes drawn vertically downward through the exterior boundary lines of each claim, except if the mineral deposit be a vein, lode or ledge and located as a mineral claim according to locations on the public domain of the United States, the lessee is entitled, during the term of the lease, to extralateral rights in the discovery vein only;

2. To use so much of the surface as may be required for purposes incident to mining; and

3. Of ingress to and egress from other state lands, whether or not leased for purposes other than mining.

The lessee hereby agrees to pay or cause to be paid to the State Land Commissioner, annually in advance, a rental of $15.00 per annum for each claim or fraction thereof, which shall be credited upon the royalties hereinafter provided, which may become due during such year.

The lessee further agrees to pay as royalty 5% of the net value of the minerals produced from the leased premises, which net value shall be the gross value after processing, if processing is necessary for commercial use, less the actual cost of transportation from the place of production to the place of processing, less costs of processing and taxes, if any, levied and paid upon the production thereof. In the case of minerals not processed for commercial use, the net value shall be the gross proceeds, or gross value at the place of sale or use, less the actual cost of transportation from place of production to the place of sale or use, less taxes, if any, levied and paid upon the production thereof.

Provided that in the case of sand, rock and gravel, the royalty shall be at the rate of Five (5) Cents per cubic yard of sand, rock or gravel, removed from the land described herein.

The lessee shall keep an accurate account of said operations showing the amount of mineral mined or extracted and all mineral shipped, smelted, used, or disposed of, the cost of such operations, and the gross value of the output of the minerals at the mine. The State Land Commissioner and other proper representatives of the department shall have the right at all times during the existence of this lease, and for six months thereafter, to make such reasonable examinations of the papers and books of account of the said lessee and of the mines as may be necessary to obtain all information desired.

This lease confers the right to the lessee to construct necessary improvements, including the installation of necessary machinery and equipment, with the right to remove the same upon the expiration, termination, or abandonment of the lease, if all monies owing to the state under the terms of this lease have been paid. There is hereby created a lien on all implements, tools, movable machinery, and other personal chattels belonging to the lessee and used in the mining operations, and upon all minerals obtained from the land leased herein, as security for the payment of all monies owed the state under the terms of this lease.

The lessee agrees that, should he sell, mortgage, or assign this lease, it will be without prejudice to the state, and that such transaction shall not become effective until a copy thereof is filed with the State Land Commissioner and his written consent thereto secured.

The lessee may, however, surrender the lease for cancellation with the consent of the lessor, and all royalties and other obligations due and accrued to date of completion of application for cancellation, in addition to a fee of One ($1.00) Dollar, must be paid and discharged before such an applicantion for cancellation will be considered, provided that, if the lease has been recorded, the lessee or assignee shall execute a release, record the same in the proper recording office and file the release with the State Land Commissioner. An application for cancellation will be considered as completed on the date such application is filed in the office of the State Land Commissioner provided the foregoing requirements have been fully observed.

In the event of failure or neglect of the lessee to perform any obligation under this lease, the lessor shall have the right at any time to cancel this lease unless, within thirty (30) days after notice specifying the terms and conditions violated, the lessee shall correct such failure and make good any loss caused thereby.

The lessee agrees to perform the annual labor, as required by the laws of the United States, upon each claim, commencing at the expiration of one year from the date of location, and that he will furnish proof of such annual labor to the State Land Commissioner.

The lessee agrees to fence all shafts, prospect holes, adits, tunnels and other dangerous mine workings for the protection of livestock.

This lease is made and accepted subject to existing law and any laws hereafter enacted, also to the regulations relative to such leases heretofore or hereafter prescribed by the lessor; and in no event shall the state or the lessor be liable in damages or otherwise under the provisions hereof.

The lessee shall not keep livestock of any kind on the lands leased herein except by permission from the State Land Commissioner at such rates as may from time to time be established.

The lessee has the right, under this lease, to the cutting and use of timber and stone upon the claim, not otherwise appropriated, for fuel, construction of necessary improvements, or for drains, roadways, tramways, supports, or other necessary purposes; provided, that nothing herein contained shall be construed to permit the cutting of timber for any purpose without the written consent of the State Land Commissioner.

It is understood and agreed that this lease is made subject to all legally established rights of way therefore granted or that may hereafter be granted over and across such land; and the lessee agrees to respect the property rights of all persons lawfully upon the demised premises.

It is expressly understood and agreed that there is reserved to the state the right to lease, under existing law or laws hereafter enacted, so much of the surface of the lands covered by this lease as is not actually used or necessary for mining purposes.

The obligations and agreements hereinbefore expressed shall extend to and be binding upon the successors in interest of the parties hereto.

IN WITNESS WHEREOF, the lessor has caused these presents to be signed by the legal representative of the State Land Department, at Phoenix, Arizona, and the lessee has hereunto affixed his signature at the place and on the day and year first above written.

STATE LAND DEPARTMENT

By [signature]
State Land Commissioner

(SEAL)

By [signature]
Deputy State Land Commissioner

[signature]
(Witness)

[signature]
Party of the Second Part

This lease is issued in duplicate.

ASSIGNMENT OF LEASE

Phoenix, Arizona October 18, 1957

The application of Charles O. Prose & Lynn M. Prose, husband & wife & H. L. Gibbs & Mary J. Gibbs, husband and wife for permission to assign Lease No. M-699 and the application of Thomas L. Horan, a single man & William G. Gill, a married man for the assumption of said Lease, having been duly considered this 18th day of October, 19 57 and without waiver of State rights which may exist against the lease assigned, and with this consent not to be construed as initiating any new rights in assignee of lease, consent is hereby given for the assignment applied for and it is ordered that the said Lease No. M-699 and all rights thereunder be and are hereby transferred to the said Thomas L. Horan and William G. Gill

716 First National Bank Building,
Phoenix, Arizona

Obed M. Lassen
State Land Commissioner.

By Kathryn Hills
Acting Deputy State Land Commissioner.

ASSIGNMENT OF LEASE

Phoenix, Arizona

The application of

for permission to assign Lease No. and the application of

for the assumption of said Lease, having been duly considered this day of , 19

and without waiver of State rights which may exist against the lease assigned, and with this consent not to be construed as initiating any new rights in assignee of lease, consent is hereby given for the assignment applied for and it is ordered that the said Lease No. and all rights thereunder be and are hereby transferred to the said

State Land Commissioner.

By
Deputy State Land Commissioner.

ASSIGNMENT OF LEASE

Phoenix, Arizona

The application of

for permission to assign Lease No. and the application of

for the assumption of said Lease, having been duly considered this day of , 19

and without waiver of State rights which may exist against the lease assigned, and with this consent not to be construed as initiating any new rights in assignee of lease, consent is hereby given for the assignment applied for and it is ordered that the said Lease No. and all rights thereunder be and are hereby transferred to the said

State Land Commissioner.

By
Deputy State Land Commissioner.

ASSIGNMENT OF LEASE

Phoenix, Arizona

The application of

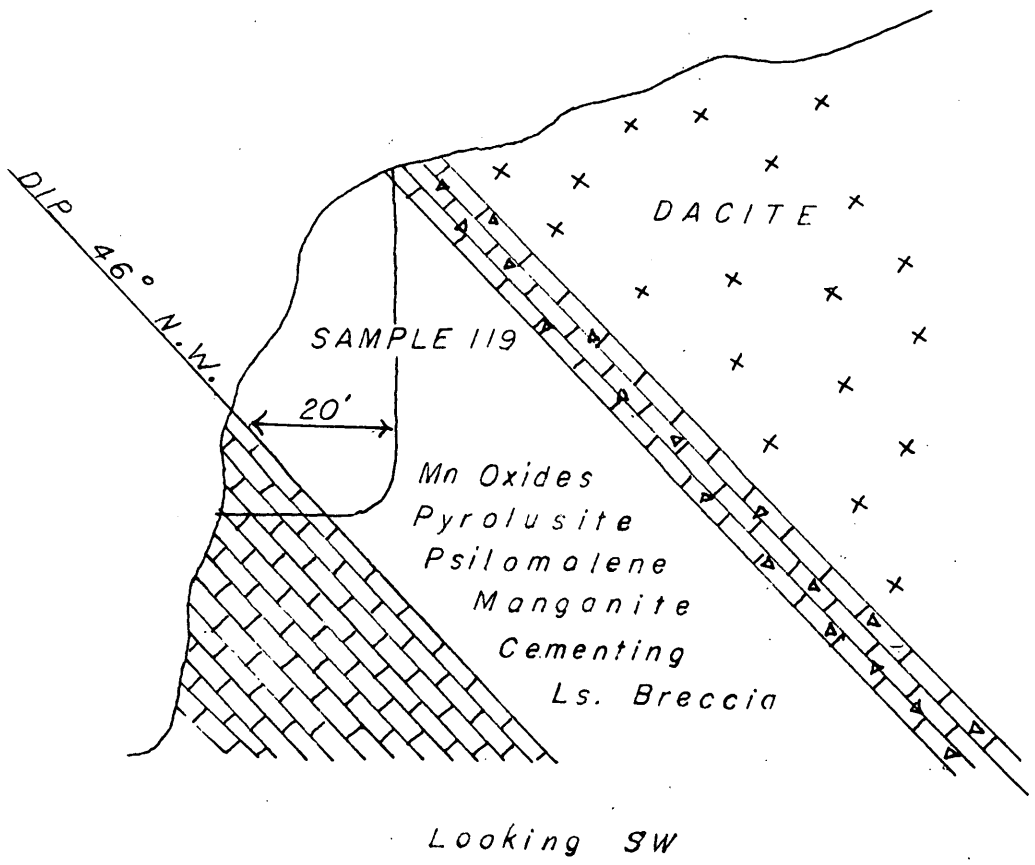
for permission to assign Lease No. and the application of

for the assumption of said Lease, having been duly considered this day of , 19

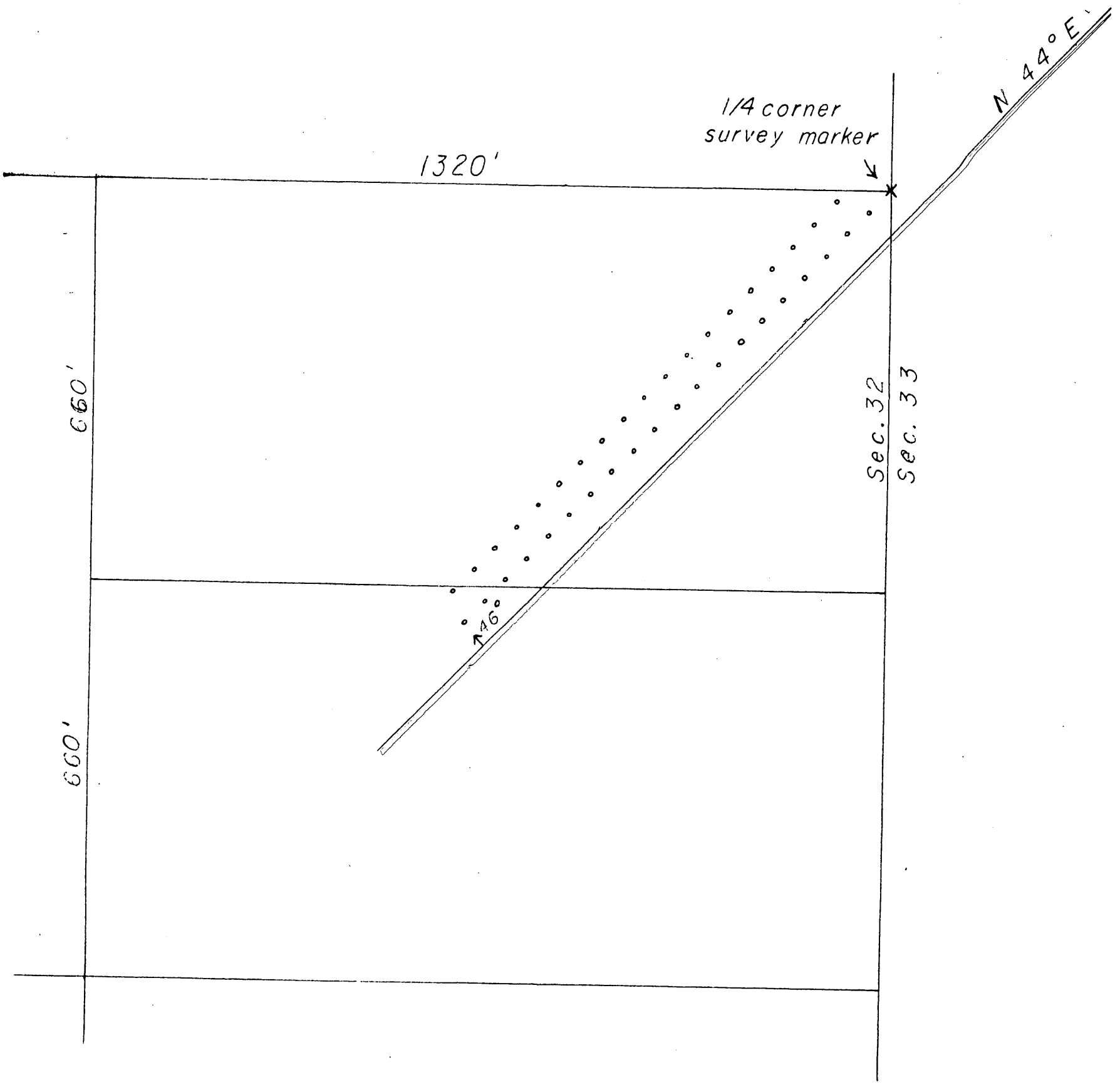
and without waiver of State rights which may exist against the lease assigned, and with this consent not to be construed as initiating any new rights in assignee of lease, consent is hereby given for the assignment applied for and it is ordered that the said Lease No. and all rights thereunder be and are hereby transferred to the said

State Land Commissioner.

By
Deputy State Land Commissioner.



Schematic Cross Section including discovery hole on outcrop



Schematic Drilling Plan
STATE LEASE # 699
Thumb Butte & Thumb Butte No. 1
NE. SE. SEC. 32 T3S-R12E G&SRB&M
Pinal County, Ariz.

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

OFFICIAL FILE COPY
DMEA
RECEIVED JUN 30 1958

DATE	INITIALS	CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF INTERNAL INVESTIGATION
Washington 25, D. C.

January 21, 1959

Memorandum for Docket

Subject: Withdrawal of Pending DMEA Applications

Effective this date, this pending DMEA application is considered withdrawn for statistical purposes.

If, at a later date, the applicant requests reconsideration under the OMB program, all pertinent material in the DMEA file should be transferred to the new OMB docket.

Frank E. Johnson
Frank E. Johnson
Acting Director

4/21/59 - No answer received to our letter of March 9, 1959.
Docket sent to Mail & Files.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/6	Holt	400
3/6	Martin	400
3/6	Selfridge	120
		110
3/9	C	225
		400

MAR 9 1959

Mr. Hale C. Tegneni
Tegneni, Parsons & Gooding
721 First National Bank Building
411 North Central Avenue
Phoenix, Arizona

Re: Docket No. MMEA 5068 - Manganese
and Copper
Gil-Rand Minerals, Inc.
Thumb Butte claims
Pinal County, Arizona

Dear Mr. Tegneni:

Reference is made to our letter of January 29, 1959, regarding action required to make your MMEA application eligible for consideration under the OME regulations.

We wish to cooperate with you in allowing ample time to complete such action; but, if we do not hear from you within 30 days from the date of this letter, we will assume that you are no longer interested in proceeding with your application, and we will consider it as having been withdrawn.

Sincerely yours,

(signed) FRANK E. JOHNSON (pt)

Acting Director

WSMARTIN:foc
3-6-59
cc to: Code 400
Director's Read. File
FT. REG. III
Gilbert DeHuff, USBM
T. H. Kiilsgaard, USGS

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1-22	Holt	400
1-22	Martin	400
1/23	Selfridge	120
		110
		100
1/29	C	220
		400

JAN 29 1959

Mr. Hale C. Tegnoni
Tegnoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

Re: Docket No. DMEA 5068 - Manganese
and Copper
Oil-Rand Minerals, Inc., ~~formerly~~
~~Zanzibar Mining Company of Nevada~~
Thumb Butte claims
Pinal County, Arizona

Dear Mr. Tegnoni:

Enclosed is a copy of the new Office of Minerals Exploration regulations prescribing the manner for obtaining and conditions governing Federal assistance in financing mineral exploration.

If you wish to have your partly processed DMEA application considered under the OME regulations, you should complete and return four of the attached copies of the attached application, MME Form 40.

Under the new program the Government can contribute no more than fifty (50) percent of the total allowable costs of the exploration specified in a contract if one should be approved.

Please note that your signature on the new form certifies that you would not ordinarily undertake the proposed exploration at your sole expense under current conditions or circumstances. The information requested in Item 1(a) - and 1(c) if applicable - is used to determine your financial eligibility under the new exploration program. Data submitted with your DMEA application need not be repeated in the OME application, but should be revised or supplemented as necessary.

Also enclosed are six copies of the Lien and Subordination Agreement, MME Form 52, referred to in Item 2(c) of the application. Early submittal of five completed copies of the form will save time in case you apply for exploration assistance under the OME program and a contract is granted. If you are unable to obtain such consent from the State of Arizona, you can send us a copy of the letter to that effect from the State office concerned. In that event we will

43683

consider accepting a performance bond in lieu of our same form.

The application speaks of the applicant's share of the cost, which will be borrowed from the two major stockholders, and also speaks of the owner's share; these terms should be clarified in your reply. If a project is approved, you would need sufficient cash to cover the entire cost for at least 2 months, as the Government pays for its share at the end of each month for the work completed during the month after you submit a voucher and the work is inspected.

If you do not wish to participate in the OSE program, we shall appreciate being so informed.

Sincerely yours,

Frank E. Johnson
(ers)
Acting Director

Enclosures

WSMARTIN:foc
1-22-59
cc to: Code 400
Director's Read. File
FT. REG. III
Messrs. Gilbert DeHuff, USBM
T. H. Kiilsgaard, USGS

The idea is
to use this heading
on this letter which
will be the last thing
in the file, and use
the new name in
the heading of the
letter sending out
the new forms
(which will start the
new file)*

* The new file starts with
the next reply, if any

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
10-20	Martin	400
10/20	Selfridge	120
10/20	Johnson	110
		225

OCT 20 1958

Mr. Hale C. Tognoni
Tognoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

Re: Docket No. DMEA 5068 - Manganese and Copper
Zanzibar Mining Company of Nevada
Thumb Butte Claims
Pinal County, Arizona

Dear Mr. Tognoni:

Thank you for your letter of October 7, 1958, giving us your comments and suggestions on the proposed Office of Minerals Exploration regulations. Although we cannot discuss your comments in this letter, they will be considered when the final text of the regulations is drafted.

We note that Gil-Rand Minerals, Inc., is the new name for the captioned applicant.

When the new regulations are published, which is expected to be at an early date, copies will be sent to you. The necessary application forms will also be sent to you as soon as these are available.

Sincerely yours,

Frank E. Johnson

ACTING Director

WSMartin:foc
10-20-58
cc to: Code 400
Director's Read. File
FT. REG. III
Messrs. Gilbert DeHuff, USBM
T. H. Kiilsgaard, USGS

8623

LAW OFFICES
TOGNONI, PARSONS & GOODING
721 FIRST NATIONAL BANK BUILDING
411 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA

HALE C. TOGNONI
ARTHUR B. PARSONS, JR.
WILLIAM H. GOODING

TELEPHONE
ALPINE 4-2147

October 7, 1958

10/10	C	220
10	Com	100
10/13	WSM	400
Pending File		

Acting Director
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA 5068
Proposed Regulations for OME

Dear Sir:

Reference is made to your letter of September 19, 1958 re the OME program which, it is proposed, will replace DMEA and to the changes incorporated in the enabling legislation.

We feel that Item 1 is superfluous or discriminatory since no bank will loan money for mineral exploration of the speculative nature which OME anticipates. Commercial banks require security for all loans, and unless the applicant has substantial assets other than the property to be explored on which to borrow, no loan could be obtained. Hence, the effect of this provision is to prohibit all except the impecunious from participation in the program.

We have no objections to Items 2 or 3.

I am writing this as the attorney for Gil-Rand Minerals, Inc. Gil-Rand Minerals, Inc., is the new name for Zanzibar Mining Company of Nevada who had originally applied for a DMEA loan under Docket No. DMEA 5068.

As soon as the new regulations are published would you send me a copy of them along with the necessary forms so that I can continue with the application for loan as applied for under Docket No. DMEA 5068?

Sincerely yours,

Hale C. Tognoni

Hale C. Tognoni

HCT:kb

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
9-19	Martin	400
		~~120~~
		~~110~~
"	[illegible]	100
		220

SEP 19 1958

Zanzibar Mining Company of Nevada
c/o Tognoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

Re: Docket No. DMEA 5068, Manganese-Copper
Thumb Butte Claims
Pinal County, Arizona

Gentlemen:

As you have an application for exploration aid pending in our office, perhaps you may wish to study the proposed OME regulations and comment on them before October 17 as provided in the first paragraph of the enclosed notice reprinted from the Federal Register of September 17.

Some time after October 17 when the final regulations become effective, we will send you the new application form so you may furnish any additional information necessary to process your application for aid under the new program.

Sincerely yours,

[illegible] Director

Enclosure

WSMartin:foc 9-18-58
cc to: Admr. R. File
Oper. Comm.
FT. REG. III

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
8-4	Martin	400
8/5	Selfridge	130
"	Johnson	110
6	Hartzell	100
		220
		225

8/5 Kilsgaard 130
8/5 Lamb 130

Aug 6 1958

Mr. Hale C. Tognoni
Tognoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

Re: Docket No. DMEA-5068 (Manganese Copper)
Zanzibar Mining Company of Nevada
Thumb Butte Claims
Pinal County, Arizona

Dear Mr. Tognoni:

We regret to inform you that, as Mr. J. W. Townsend indicated was likely in his letter of June 26, 1958, your application identified above could not be completely processed before June 30th.

However, we will be glad to hold it pending enactment of legislation to continue the exploration aid program. If the aid is continued, we will then ask you to state whether you wish us to consider your application under the regulations established for the new program.

Sincerely yours,

O. O. Mikkelsen (for)

Administrator

WSMartin/izm 8-1-58
cc: Mr. Martin
Admr.'s Reading File
Operating Committee
DMEA FT Reg. 3 (2)
JW Pennington, USBM
TH Kiilsgaard, USGS

8623

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

July 3, 1958
Re: DMEA 5068
Zanzibar Mining Company
Thumb Butte Claims
Pinal County, Arizona
$50,000 - Manganese

Memorandum

To: W. S. Martin, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of application

The applicant requests assistance in exploring by 20 holes in line on 50-foot centers, a limestone bed 70 to 90 feet below the surface.

The proposed work is based on one or two outcrops and one open cut at which point a 20-foot sample was cut. The sample had not been assayed at the time the application was filed, but is estimated to contain 10 - 15% manganese. A rough mill test indicates the material can be up-graded to the required 40% Mn.

If the assay of the sample indicates further consideration is justified, I recommend that the application be referred to the Field Team if and when such action is timely.

N. E. Nelson

N. E. Nelson

DMEA
7/7 B 220
400

official
~~EXTRA~~ COPY
DMEA

RECEIVED JUL 2 1958

DATE	INITIALS	CODE
7/2	C	220
	WSM	400

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
Washington 25, D. C.

Date July 1, 1958

DMEA Docket No. 5068
DMEA Contract No.
Commodity Manganese - Copper
Name of applicant Zanzibar Mining Co.
Name of property Thumb Butte claims
Location of property Pinal Co., Ariz.
Estimated cost of project $50,000

Memorandum

To: W. S. Martin, DMEA

From: R. W. Holliday, Commodity Specialist
Branch of Ferrous Metals and Ferroalloys

Subject: Review of application
(Application, Hold Team Report, etc.)

1. Date of subject document: 6/30/58 2. Date received by reviewer: 7/1/58

3. Prior reports on this property known to reviewer: Yes [ ] No [x]

4. Prior reports on nearby properties known to reviewer: Yes [ ] No [x]

5. Information available on past production: Yes [ ] No [x]

6. Other pertinent factors known to reviewer: Yes [ ] No [x]

7. Explain items marked yes above:

8. Factors meeting special consideration:
   a. Location [ ]
   b. Ownership [ ]
   c. Evidence of mineralization
   d. Geology [ ]
   e. Proposed exploration method [ ]
   f. Alternate exploration method [ ]
   g. Costs [ ]
   h. _____ [ ]

9. Action advised:
   a. Obtain information from applicant [ ]
   b. Refer to Hold Team [x]
   c. Denial [ ]
   d. Agree with Hold Team [ ]
      i. Consult with Mr. _____ at _____ AEC office.
   e. Disagree with Hold Team [ ]
   f. Suggest alternate plan [ ]
   g. Request another examination [ ]
   h. Approval [ ]

10. Remarks: (Use back of page if necessary)

R W Holliday

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

June 30, 1958

Zanzibar Mining Company of Nevada
c/o Tognoni, Parsons & Gooding
721 First National Bank Building
Phoenix, Arizona

Subject: DMEA-5068

Gentlemen:

Your application for exploration assistance, dated June 25, 1958 submitted to our office at Denver, Colorado has been assigned Docket Number DMEA-5068 and referred to the Iron and Ferro-Alloys Division in the Washington Office. Kindly identify all future correspondence relating to your application by this Docket Number.

Sincerely yours,

Allen S. Dakan, Director
Operations Control and
Statistics Division

Copy to: Region III.