Mark K.

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

Mining Division
Date Rec'd.
JUL 23 1952
BUREAU OF MINES
Denver, Colorado

July 17, 1952

260-Completed.

Mr. P. D. Hesse
106 North Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

Your letter of July 8 relative to plutonium has been referred to me for reply.

Any plutonium that you were able to produce would be marketable with the U. S. Atomic Energy Commission, Washington 25, D. C. I fear, however, some skepticism will be expressed relative to your producing a ton of plutonium from natural deposits per year. Available information indicates that pitchblende is the only natural source of plutonium, and that it contains a very small quantity of plutonium - - about 1 part of plutonium to 300 trillion parts of pitchblende.

Plutonium can be identified from the other radioactive elements by laboratory methods; the methods and the chemistry of plutonium are still in the category of classified information under the provisions of the Atomic Energy Act.

An application for a Government exploration loan may be filed with the Defense Minerals Exploration Administration, and details concerning such a loan may be obtained by writing to the following address:

Executive Officer, Region IV
Defense Minerals Exploration Adm.
224 New Customhouse Building
Denver 2, Colorado

If the Bureau of Mines can be of further service, please let us hear from you.

Sincerely yours,

Signed
H. D. Keiser
Commodity-Industry Analyst
Rare and Precious Metals Branch

9.78.

Copy to: Defense Minerals Exploration Adm. - Region IV, Denver, Colo.

June 8, 1951

Re: DMA Docket 260,
McMahan Copper Mine,
Yavapai Co., Ariz.

Mr. P. C. Hesse
106 N. Cortez St.
Prescott, Ariz.

My dear Mr. Hesse:

Your letter of June 6 to Mr. L. A. Stewart has been turned over to me for answering as Mr. Stewart is on a vacation and is not expected to return until late in the month.

We have your application to the Defense Minerals Administration for a development loan (DMA Docket 260) on file and will send an examining team to examine your McMahan copper property when one is available, probably in July. As Mr. Stewart is familiar with that area, he probably will be one of the examining team.

I believe Mr. Stewart examined the Gillingham property next to your McMahan claims when he was there last fall.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
C. A. Anderson
DMA 260
DF

WRStorms:frj

Mining Division
Date Rec'd.
JUN 11 1951
BUREAU OF MINES
Denver, Colorado

August 3, 1973

Memorandum

To: [illegible]
[illegible]

From: 3Th Field Army Region IV

Subject: [illegible] Hill, R. D., [illegible] and Thomas Wagner
Bishop, Dougall County, Virginia

We are forwarding herewith original and two copies of the above report on Dudley Hill.

We assume with the remaining here and recommend that the application be denied.

The business is returned herewith.

F. T. [illegible], [illegible]

F. T. [illegible]

Enclosures
[illegible]
[illegible]

[illegible]
[illegible]

Fair
Please note

Mining Division
Date Rec'd.
JUL 30 1951
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Arizona-New Mexico Branch
[redacted]
Box 4097
UNIVERSITY STATION

MINING DIVISION
REGION IV

TUCSON, ARIZONA

July 27, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., REgion IV

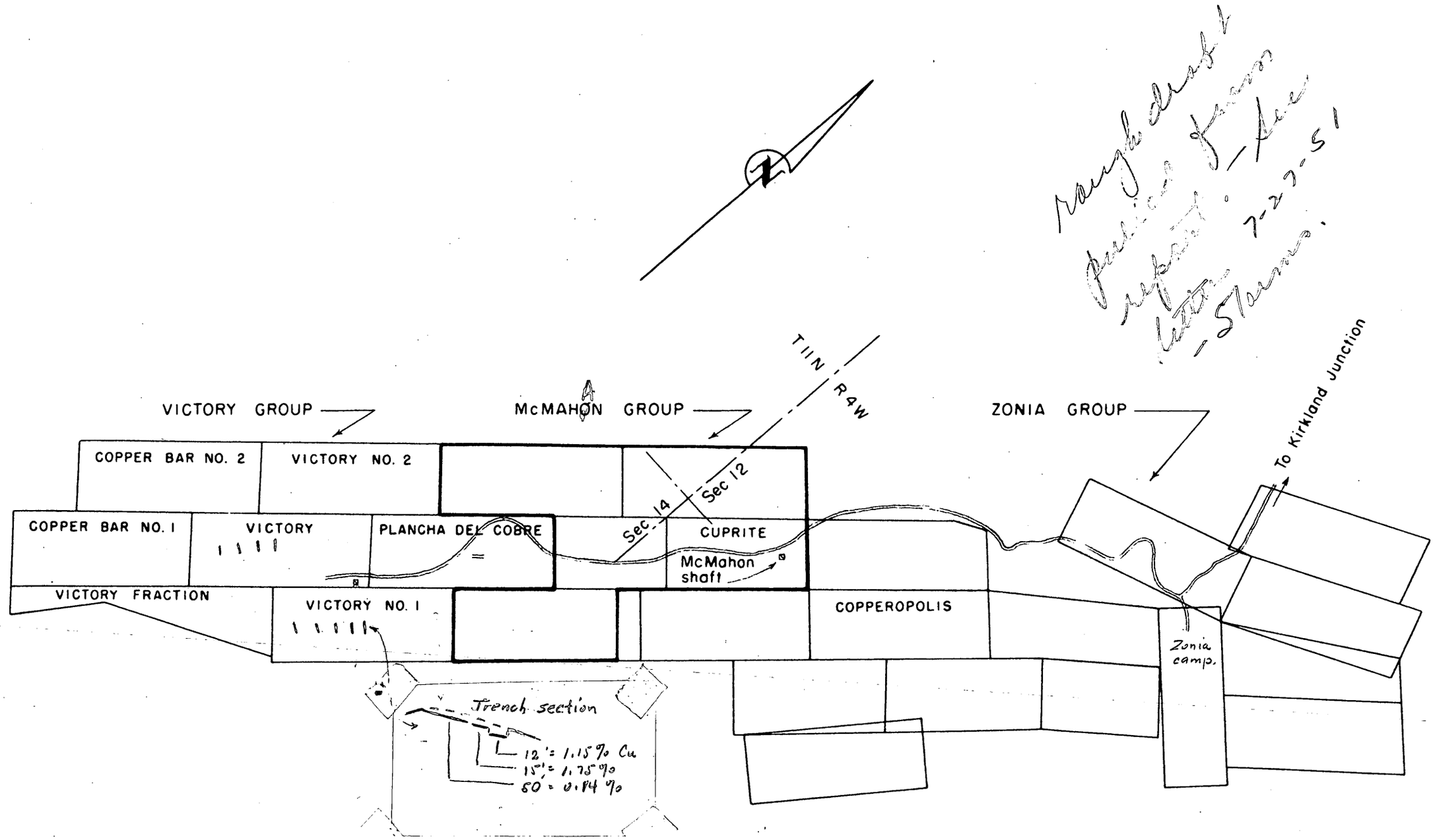
Subject : P. D. Hesse McMahan Mine, Docket No. 260

We are enclosing a copy of figure 1 for above docket. In one of the docket copies recently sent you, a rough draft figure 1 was inadvertently included. You can replace it with this completed copy.

Walter R. Storms.

Walter R. Storms

CC DMA 260
DF



Scale 1" = 1000'

Map furnished by P. D. Hesse

Trench locations approximate

DMA DOCKET No. 260

July 1951

Figure 1. - Claim Map, Victory & Adjacent Groups, Yavapai County, Arizona

Mining Division
Date Rec'd.
JUL 23 1951
BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

July 20, 1951

Re: DMA Docket 260

Mr. P. D. Hesse
106 North Cortez St.
Prescott, Ariz.

Dear Mr. Hesse:

Enclosed find map of your Victory property showing assay results of the 3 samples taken by our engineers.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
C. A. Anderson
DMA 260
DF

WRStorms:frj

Mining Division
Region IV

July 20, 1951

Memorandum

To: W. R. Storms

From: Chief, Mining Division, Region IV

Subject: DMA Docket 260, Hesse's McMahan Copper Property

Herewith is a copy of a letter from J. H. Hedges concerning your inquiry of July 3rd about maps on the above property.

I presume this satisfactorily answers your inquiry.

Paul T. Allsman

Encl.

cc: Sub. file
Chron. file

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

July 9, 1951

NAL D... ...ORS
OFFI...
REGIO...
JUL 12 1951
BUREAU OF ...
DENVER, COLO...

Memorandum

To: J. H. East, Jr.

From: J. H. Hedges, Special Assistant to the Director

Subject: DMA Docket 260, Hesse's McMahan Copper Property

With reference to your memorandum of July 3, the Zonia project #1417 originated in a request from WPB that the Bureau determine the tonnage and grade of ore that could be mined open pit and brought into production quickly. The results were published in R.I. 4023 by Charles A. Kumke. The topographic map (Fig. 3) was, to the best of my recollection, copied from a map or maps furnished by Mr. Browning. There are none other that I know of. The originals should be in the Tucson files and there may be copies in the Mt. Weather files.

Our file of RFC dockets does not include any under the name of Zonia, McMahan, Goldfields Development Co., or W. C. Browning. I have asked Charlie Johnson to check with RFC and Mt. Weather, and send you any maps he may find. Rex is mistaken about my taking correspondence with Browning away from Tucson. Everything that transpired in relation to the Zonia project should be in the Tucson files.

J. H. Hedges

J. H. Hedges

July 3, 1951

Memorandum

To: J. H. Hedges

From: J. H. East, Jr., Regional Director, Region IV

Subject: DMA Docket 260, Hasse's McMahan Copper Property, Yavapai County, Arizona

Storms has indicated that you offered to get 2 typographic maps on the Zonia or McMahan Copper property in Yavapai County, Arizona. These were presented by Goldfields Development Co., W. C. Browning, Mgr., about 1942 in connection with an application for a loan from Metals Reserve, according to correspondence from Browning which you took from Tucson.

Since these maps would be of considerable assistance in present investigation, we would like you to obtain the maps as soon as possible.

J. H. East, Jr.
Regional Director, Region IV

JHE:oj

cc: Chron.
Sub.
DMA

July 3, 1951

Memorandum

To: J. H. Heiges

From: J. H. East, Jr., Regional Director, Region IV

Subject: DMA Docket 800, Hanes's McMahan Copper Property, Yavapai County, Arizona

Stoms has indicated that you offered to get 2 typographic maps on the Zonia or McMahan Copper property in Yavapai County, Arizona. These were presented by Goldfields Development Co., W. G. Browning, Mgr., about 1942 in connection with an application for a loan from Metals Reserve, according to correspondence from Browning which you took from Tucson.

Since these maps would be of considerable assistance in present investigation, we would like you to obtain the maps as soon as possible.

J. H. East, Jr.
Regional Director, Region IV

JHE:oj

cc: Chron.
Sub.
DMA

Mining Division
Date Rec'd.
JUL 5 1951
BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

July 2, 1951

Mr. Chas. A. Anderson
District Supervisor
Geological Survey
Box 633
Prescott, Ariz.

Dear Andy:

If it will be all right with you, Linc Stewart will arrive in Prescott next Monday evening, July 9, enroute to examine Hesse's McMahon Property, BMA Docket 260.

If you can't go out to the property on Tuesday, please phone us before Monday.

Incidentally, we received a docket for a uranium exploration loan, BMA Docket 1294X, from Albert and Frances Leach of Lordsburg, N. Mex. Probably you will hear more about this from Andy Shride.

With best personal regards, I am

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
A. F. Shride
L. A. Stewart
BMA 260
DF

WRStorms:frj

Mining Division
Date Rec'd
JUL 5 1951
BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

July 2, 1951

Mr. P. D. Hesse
106 N. Cortez St.
Prescott, Ariz.

My dear Mr. Hesse:

In answer to your letter of June 28, with small sample of crushed material, a microscopic examination of your sample seems to indicate that it is a copper concentrate containing quartz, pyrite, magnetite, chalcopyrite, bornite and covellite. We could identify the original mineral more easily if you could send us several uncrushed specimens of the ore.

Sincrely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
DMA-220
DF

WRStorms:frj

Mining Division
Date Rec'd.
JUL 2 1951
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Arizona-New Mexico Branch
Box 4097
University Station

MINING DIVISION
REGION IV

TUCSON, ARIZONA

June 28, 1951

Air Mail

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : DMA Docket 260, Hesse's McMahan Copper Property, Yavapai County, Ariz.

About 1942 the Goldfields Development Co., W. C. Brown, manager, evidently applied for a loan on the Zonia or McMahan Copper property in Yavapai County, Browning told us in a letter earlier this year, that he had sent two topographic maps to Metals Reserve.

As we could use copies of these maps we showed Mr. J. H. Hedges the letter from Browning when Mr. Hedges was here earlier this year. Mr. Hedges took the letter with him and said he would look up the application and maps, but he evidently forgot about the matter because of pressing DMA work.

Will you please write Mr. Hedges and ask him if he found the maps? They were made by the Fairchield Company.

We need these maps very badly and Browning refuses tofurnish copies, saying that he already gave them to Metals Reserve.

Walter R. Storms

Walter R. Storms

CC P. T. Allsman
DMA 260
DF

Mining Division
Date Rec'd.
JUL 3 1951
BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

June 28, 1951

Air Mail

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : DMA Docket 260, Hesse's McMahan Copper Property, Yavapai County, Ariz.

About 1942 the Goldfields Development Co., W. C. Brown, manager, evidently applied for a loan on the Zonia or McMahan Copper property in Yavapai County. Browning told us in a letter earlier this year, that he had sent two topographic maps to Metals Reserve.

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We need these maps very badly and Browning refuses tofurnish copies, saying that he already gave them to Metals Reserve.

Walter R. Storms

CC P. T. Allsman
DMA 260
DF

WRStorms:frj

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

EXECUTIVE DIRECTOR'S OFFICE
REGION IV
MAY 23 1951
BUREAU OF MINES
DENVER, COLORADO

May 23, 1951

Re: Docket No. DMA-260

Mr. P. D. Hesse
160 N. Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This is to acknowledge receipt of your letters of May 15 and May 17, 1951. We are forwarding a copy of them to the Executive Officer, DMA Field Team, Region IV, as he now has your application in his office.

Very truly yours,

J. B. Gowen

J. B. Gowen, Acting Chief
Copper Branch, DMA

DRMacLaren:ba

Copy to J. H. East, 224 New Customhouse, Denver 2, Colorado, W.C.I.
Executive Secretary, W.C.I.
Copper Branch, W.C.I.
F i l e s

Mr. J. B. Gowen
DMA

Dear Sir:

On or about September 4th 1950 a partnership was formed for the purpose of buying or otherwise obtaining dormant mines which are very plentiful in this district and increasing the production of strategic metals by mining, milling, and producing metals from said properties. Charles H. Brown & Phillips D. Hesse being the original partners, to do business as P. D. Hesse; 106 N. Cortez Street, Prescott, Arizona.

The first property selected was the dormant McMahon group of 5 unpatented claims. This property was selected because it had a good water shaft and 2,000,000 tons of blocked ore (being the most developed property in the district).

The McMahons were paid a substantial down payment and promised 10% of the net smelter returns until a total of $50,000,000 had been paid, at which time we were to receive a good and sufficient deed. The ore was very low grade and spotted but 875,000 tons of it could be worked at a small profit (the mill could have been paid for in 3 years). Our application for funds required to put in the mill was turned down on the results of the 1942 examination of the property (Bulletin R. I. 4023 dated March, 1947). Prior to, during, and since the application I have been buying up the adjoining ground to the S. W. of the McMahon group. The ore on the adjoining ground assays much higher than the McMahon ore, averaging 3.5% copper on all samples taken to date. The outcrop is plenty wide enough for open pit working and the property is extremely desirable from all view points.

We are working two men on the ground at the present time "getting ready for production".

All details of the McMahon application can be applied to this ground by changing the "McMahon" to Victory Group of unpatented mining claims (Page one question one form 145) Our intention is to produce approximately 10,000,000 pounds of copper per year for the few years and we are not particular what or which property from. If possible will you please change my application to ready Victory group instead of McMahon group of mining claims.

Sincerely yours,

P. D. Hesse

COPY

P. D. Hesse

Mr. B. J. Gewen
DMA
Washington D. C.

Dear Sir: "TIME MARCHES ON"

Dr. Boyd says that the copper situation is becoming excessively critical and the Pay Dirt Mining paper says that absolutely nothing has been done by the DMA to date.

I am still working two men at the mines but can't ship any ore under existing conditions. Gov't sampling of high grade must be a reality before the mine owners of this district can resume shipments.

The tax situation is such that no mine owner expects to make enough to offset the risk of investing private capital in mines that are individually owned and subject to the individual tax rate of 91% plus various other taxes totalling 95% of all income.

(See enclosed letter of March 26th)

It appears to me that the only way of increasing copper production in the district is to have some form of Gov't aid.

The Gov't sampling of all high grade shipments should make it possible to produce about one car a month from about 200 miles that are now dormant. This would be selected ore and average above 10 % copper or about 1000 tons of ore at 200 lbs per tons (200,000 lbs copper per month).

All mines with blocked ore are company owned and producing, except one that is very low grade and marginal which has been turned down by the DMA on the results of the 1942 sampling. This one mine could be operated at a very small profit by modern methods and produce approximately 22,000,000 lbs copper within the next three years. If it had not been turned down and black listed.

The situation appears entirely hopeless unless the Gov't can lend money on ore that is plainly visable but not blocked.

Sinced this 15th day of May 1591

P. D. Hesse

COPY

May 24, 1951

Memorandum

To: W. R. Storms
(Through Chief, Mining Division)

Charles Anderson

From: DMA Field Team, Region IV

Subject: DMA Docket 260, R. D. Hesse, McMahon group, Yavapai County, Arizona

We are attaching the brochure of Docket DMA 260, regarding the McMahon mine, Zonia group deposit, Yavapai county, Arizona. We also attach copy of a letter, dated May 9, and a letter, dated May 17, from the Coordinating Committee.

Please make an investigation and develop the information requested by the Coordinating Committee.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachments:
Memorandums May 9 and May 17, Coordinating Committee
Complete file on DMA 260
JHE/el
cc-DMA files
Koschmann

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

May 17, 1951

Re: Docket No. DMA-260

Mr. P. D. Hesse
106 N. Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This is to acknowledge receipt of your letter of no date, received by us April 12, and others dated April 9, April 10, April 11, April 16, April 18, April 21, April 28 and May 1.

We have carefully reconsidered all the information at present available to us. This includes various Bureau of Mines reports, by W. J. Loving, F. L. Sizer, and O. H. Hershey as well as your many letters. Although we do not see how our conclusions can be other than those expressed in our letter to you dated February 27, rather than overlook the possibility that you may have additional are not known to us, we are requesting a field team to visit your property and go over with you all phases of your problem.

You may expect to hear very soon from Mr. J. H. East Jr., to arrange for their visit.

Very truly yours,

Tom Lyon
Director
Tom Lyon, ~~Chairman~~
~~Recordinating Committee~~
Supply Div.

~~DRMSELEBRS~~
DRMacLaren:ba

Copy to J. H. East, Jr., 224 New Customhouse, Denver 2, Colorado
Executive Secretary
Copper Branch
Mr. Lyon
Mr. Moen
Mr. MacLaren
F i l e s

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

DMA File Attached

May 17, 1951

Re: Docket No. DMA-260

REGIONAL DIRECTOR'S OFFICE REGION IV MAY 23 1951 BUREAU OF MINES DENVER, COLORADO

REGIONAL DIRECTOR'S OFFICE REGION IV MAY 23 1951 BUREAU OF MINES DENVER, COLORADO

Mr. J. H. East, Jr.
Executive Officer
DMA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

Dear Mr. East:

On February 27 we recommended denial of a loan requested by Mr. P. D. Hesse. He continues to write in making additional claims for his Zonia proposition. On April 18 he included a letter from McMahon calling off their negotiations. He has now suggested we make a loan of about $30,000 to start production on a claim of his own, on the South extension of the McMahon cuprite vein.

Will you please send a field team in to see him with the following objective:

1. Has he developed any additional tonnage on the McMahon property since the Bureau of Mines drilled the property in 1940-43 not indicated to Lincoln A. Stewart when he visited the property in December, 1950.

2. Has he developed sufficient tonnage on his claim to justify a mill loan.

3. Should he submit a request for a 50% Government participation exploratory project. If so, has he the resources for his 50% share.

We are enclosing the complete file under this docket number. Please return it when you submit your report.

Very truly yours,

Tom Lyon

Tom Lyon, Chairman
Coordinating Committee

Attachments:
Approved:

Lowell B. Moon
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

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

May 9, 1951

Memorandum

To: Executive Officer, DMA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

From: Chairman, Coordinating Committee

Subject: Special Report: Zonia Copper Deposit, Yavapai County, Arizona

This is to acknowledge the receipt of the above named report, which is being referred to the Copper Branch. Actually, one application (DMA-260) has been received for a loan to put this property into production, the applicant being P. D. Hesse of Prescott, Arizona, and the property being referred to as the McMahan. You may recall that you were once requested to have a field investigation made of that property but the request was withdrawn when it was discovered in this office that the McMahan and the Zonia were the same and that there was a good deal of information in our files.

Mr. Gowen of the Copper Branch informs me that he has accumulated a mass of correspondence with Mr. Hesse and that it may presently be necessary to request a field team examination. Probably the only way to settle the conflict between Mr. Hesse's claims and the estimates of our staff will be through a conference with the gentlemen at which points of disagreement can be discussed.

Tom Lyon

Tom Lyon, Chairman
Coordinating Committee

REGIONAL DIRECTOR'S OFFICE
REGION IV
MAY 23 1951
BUREAU OF MINES
DENVER, COLORADO

APPROVED:

Lowell B. Moon

Member, Bureau of Mines

T. P. Thayer

Member, Geological Survey

Copy to: Mr. Moon, Bureau of Mines
Mr. Rove, Geological Survey
Executive Secretary, DMA
Copper Branch, DMA
Files

May 9, 1951

Memorandum

To: Executive Officer, DMA Field Team, Region IV
224 New Customhouse
Denver 2, Colorado

From: Chairman, Coordinating Committee

Subject: Special Report: Zonia Copper Deposit, Yavapai County, Arizona

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Tom Lyon
P.B.
Tom Lyon, Chairman
Coordinating Committee

APPROVED:

Lowell B. Moon
Member, Bureau of Mines

J Lazer
Member, Geological Survey

Copy to: Mr. Moon, Bureau of Mines
Mr. Rove, Geological Survey
Executive Secretary, DMA
Copper Branch, DMA
Files

MATERIAL DIRECTOR'S OFFICE REGION IV APR 16 1951 SUPPLY DIVISION

April 10, 1951

Re: Docket No. DMA-260

Mr. F. D. Hesse
106 Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This is to acknowledge receipt of your letter of March 22, 1951 giving some further information regarding your estimate of costs and profits from the proposed operation of the McMahon claims.

Your letter was received in this office after ours of March 30 and April 4, 1951 were mailed to you. The contents of these letters are also applicable to yours of March 22. We are awaiting the information requested.

Very truly yours,

J. B. Gowen, Acting Chief
Copper Branch, DMA

JBGowen:pf

Copy to: J. H. East, Jr., Executive Officer, DMA Field Team, Reg. IV,
224 New Customhouse, Denver 2, Colorado w.c.i.
Copper Branch w.c.i.
Executive Secretary w.c.i.
Files

P. D. Hesse
106 N. Cortez St.
Prescott, Arizona

D M A
Washington D.C.

D M A # 260

Dear Sirs:-

My cost engineereing is completed to a point where I can give you a rather accurates estimates of my profits on the McMahon claim, the Cuprite. A little over 900,000 tons appears to be commercial as follows and another 1,200,000 tons appears to be marginal, but could be worked after the plant was paid for, at a small profit.

I took an accurate sample of the 15,000 tons already mined when I came in possession of the property and sent it to Tuscon for conventional testing;The sample assayed 1.6% or 32 lbs of copper of which 24 lbs could be extracted; Due to excessive sliming of the ore not over 200 tons per day could be worked on the available water. This process showed only $600.00 a day profit of which $300.00 a day could be used to pay for the plant or repay the $250,000.00 loan required to erect the plant, leaving only $300.00 a day estimated profit before Tax deductions.

CONCLUSIONS

The conventional plant is too slow and causes too much sliming.

2nd

I took a sample of the ore that I mined at 640 south and sent it to Tuscon for testing by modern nethods; The sample showed a recovery of 22 lbs copper per ton and the available water was sufficient to process 900 tons per day by this method. The $250,000.00 applied for is sufficient to erect this modern plant, of 900, tons daily capacity.

You have my estimated cost of operating this plant which is $1200.00 a day Including the $300.00 a day payments on the loan, or $900.00 a day if the payments are not included.

By this process my cost will be 12 lbs copper per ton at 20 cents per lb. leaving 10 lbs copper as profit; or figured out in dollars per year profit before taxation it is $1,800.00 per day for an estimated 350 days per year or a total of $630,000.00

My tax estimate is

State and County Tax		$ 20,000.00
Industrial	"	7,000.00
Social Security	"	1, 050.00
Federal Income	"	516,820.00
State Income	"	54,000.00

Or a net income after taxation of $ 31,130.00 per year; this is not a bad income when you consider that I will be the owner of the mill in approximately 3 years.

Signed this 22nd day of March 1951 in the City of Prescott Arizona

COPY

/s/
P. D. Hesse

Mining Division
Data Rec'd.
FEB 23 1951
Bureau Of Mines
Denver, Colorado

February 21, 1951

Re: DMA Docket 260
McMahon Copper
Yavapai Co., Ariz.

Mr. P. D. Hesse
106 North Cortez St.
Prescott, Ariz.

My dear Mr. Hesse:

In answer to your letter of February 19 about your application for a Government loan, we haven't received your application yet. When we do receive it, a geologist from the Geological Survey and an engineer from this Bureau will visit your property.

We will notify you when the application has been received and when our men plan to visit the McMahon mine.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
DMA Docket 260
DF

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

REGIONAL DIRECTOR'S OFFICE
REGION IV
APR 9 1951
BUREAU OF MINES
DENVER, COLORADO

April 4, 1951

Re: Docket No. DMA-260

File attachg

Mr. P. D. Hesse
106 N. Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This acknowledges receipt of your letter, undated but received here March 26, which has been referred to the Copper Branch for consideration.

It is regretted that you have gained the impression that the Defense Minerals Administration is not interested in copper production or in this particular project. The contrary is the case, but we feel that it would be extremely risky to proceed on the basis of information so far available on the property. The shipments of good grade material referred to by you do not necessarily indicate that there is a sufficient tonnage of such material available to furnish a sizeable leaching plant. It is possible that they were obtained by rather selective mining which could not be carried on on a substantial scale for a long enough time to justify the investment in equipment and plant that you propose. The copper situation is such that we still feel that we should follow the generally accepted practice of having adequate ore reserves well established before allotting funds, equipment and the necessary labor to the construction of production facilities.

It is quite possible that further systematic exploration will show that the McMahon property contains reserves that would justify a loan for a production plant.

Very truly yours,

J. B. Gowen

J. B. Gowen, Acting Chief
Copper Branch, DMA

GHJohnson:ba

Copy to J. H. East, 224 New Customhouse, Denver, Colorado, W. C. I.
Copper Branch
Executive Secretary
F i l e s

P. D. Hesse

Prescott, Arizona
DMA-260

Dear Sirs:

It seems that your department is inclined to turn down the McMahon group on the results of the 1942 examination of the property.

My examination of the property indicates that the Geologist, O. H. Hershey, was right when he stated on page 4 of his report "in general lower assays were secured from the drill holes than from cross cuts or raises afterwards driven along them". In fact your examination of the ground at 640 south showed very little good ore, and none over 2.4% copper; I mined approximately 20 tons in this same spot that averaged over 15.% and 73 tons which I shipped, and was paid for an average 5.% by the smelters,; 600 tons was mined and removed from directly below this spot on the 210 ft. level and shipped to the Phelps Dodge smelter as a test shipment (They paid on a bisis of 57 lbs copper).

These facts are definately accurate as very few smelters will pay for ore that they do not receive, and are not very likely to pay for copper that is not in the ore. These facts indicate that your drill holes are very misleading, as far as the value of this property is concerned.

Your delay and lack of interest in the copper on this property is very discouraging.; As a matter of fact I am about to conclude that the Dept. is really not much interested in copper production. Your attitude indicates that you might be interested in a deposit where no brains were required to work out a satisfactory extraction and where a large amount of highly commercial ore was blocked out ready to mine which could be extracted by the simplest of conventional methods.

Deposits of the above type are indeed scarce and when they exist they are usually held at an extremely high price or are already producing.

I admire a certain amount of caution in spending public funds and suggest that the most cautious proceedure possible would be to advance sufficient funds to mine and stack the ore where your engineers could sample and assay it, in an amount sufficient to pay all costs of installing the mill before any money is advanced for the actual building of any mill on the ground. (This should not take longer or be very hard to do).

Your delay is putting me in a very embarrassing position as I would like to hold this property until I can put it into production, payments are soon due on the property and I am not much interested in producing a few tons of high grade ore sufficient to make the ayments if there is no future in the project.

P. D. Hess
106 N. Cortez Street
Prescott, Arizona

COPY

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

April 4, 1951

Re: Docket No. DMA-260

Mr. F. D. Hesse
106 N. Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This acknowledges receipt of your letter, undated but received here March 26, which has been referred to the Copper Branch for consideration.

It is regretted that you have gained the impression that the Defense Minerals Administration is not interested in copper production or in this particular project. The contrary is the case, but we feel that it would be extremely risky to proceed on the basis of information so far available on the property. The shipments of good grade material referred to by you do not necessarily indicate that there is a sufficient tonnage of such material available to furnish a sizeable leaching plant. It is possible that they were obtained by rather selective mining which could not be carried on on a substantial scale for a long enough time to justify the investment in equipment and plant that you propose. The copper situation is such that we still feel that we should follow the generally accepted practice of having adequate ore reserves well established before allotting funds, equipment and the necessary labor to the construction of production facilities.

It is quite possible that further systematic exploration will show that the McMahon property contains reserves that would justify a loan for a production plant.

Very truly yours,

/s/ J. B. Gowen

J. B. Gowen, Acting Chief
Copper Branch, DMA

CHJohnson:ba

Copy to C. H. East, 224 New Customhouse, Denver, Colorado, W. C. I.
Copper Branch
Executive Secretary
F i l e s

P. D. Hesse

Prescott, Arizona
DMA-260

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P. D. Hess
106 N. Cortez Street
Prescott, Arizona

COPY

March 19, 1951

Memorandum

To: Operating Committee, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: Docket DMA 260, P. D. Hesse

We are returning the file on the application of P. D. Hesse for loan to equip and operate the McMahon and the Zonia, Yavapia County, Arizona.

A copy of a memorandum from the Chief, Copper Commodity Branch, dated February 19, 1951, advised the application had been denied and the file should be returned to the Washington office.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachments

, (From Hesse, extraction from a report by FL Sizer, Mining Engr, dated Oct 24,30
From Hesse, treatment of ores of the McMahon Group
FROm Hesse, Extract from Geological report by Oscar H Hersey, dated 1/10/30
Letter from Hesse to DMA Washington replying to letter of January 17, 1951
" " " " " , dated January 17, 1951
NSRB 146 and Bureau of Mines, RI 4023, March 1947, report on Zonia copper Mine

Copy to Mr. Koschmann
DMA files

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
MINING DIVISION
REGION IV

Arizona-New Mexico Branch
SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

TUCSON, ARIZONA

March 9, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : DMA Docket 260, P. D. Hesse (McMahan Mine), Yavapai County, Ariz.

In regard to the Field Team's memorandum to C. A. Anderson and you about the above docket, no application was received here so we have nothing to return to you.

Walter R. Storms.
Walter R. Storms

CC C. A. Anderson
DMA 260
DF

C.L. - Write Storms quoting minute 2/26 - application denied. No examination required.

March 6, 1951

Memorandum

To: Charles Anderson, USGS

P. T. Allsman
(For transmittal to W. R. Storms)

From: Field Team, DMA, Region IV

Subject: Docket DMA 260, P. D. Hesse for loan to equip and operate McMahan Group, Yavapia County, Arizona

The application of P. D. Hesse to equip and operate the McMahon Group has been denied by the Operating Committee on the basis of the work done by the Bureau of Mines on the McMahon and the Zonia claims.

It will be unnecessary to do any additional work on this application and we request that you return all pending data to this office.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachment
Copy of Operating Committee
memorandum, February 19, 1951
cc-Koschmann
DMA files
W. R. Storms

JHE/cl

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

DMA File
Attached

February 19, 1951

REGIONAL DIRECTOR'S OFFICE
REGION IV
MAR 2 - 1951
BUREAU OF MINES
DENVER, COLORADO

Memorandum

To: Executive Secretary

From: Chief, Copper Commodity Committee

Through: Operating Committee

Subject: DMA-260, Application of P. D. Hesse fro Loan to Equip and Operate McMahan Group, Yavapia County, Arizona.

Subsequent to our memorandum of February 6, 1951, requesting the Executive Officer, DMA Field Team, Region IV, to investigate and report on this project, we learned from further information sent by the applicant, that the property was once thoroughly investigated in the course of a Bureau of Mines exploration project in 1942-43. That project covered several claim groups, including the McMahan and the Zonia, but was referred to by the latter name. On discovering this connection, I wired Mr. East to withhold any field study until we could look into the available reports.

The Copper Commodity Committee has now again reviewed the application and recommends denial, largely on the ground that the overall cost would be well over the present market price of copper. A letter prepared for signature of the Director, Supply Division, accompanies this memorandum, so advising the applicant. The balance of the project file will be transmitted to you for disposal when returned by Field Team.

A partial analysis of the project follows:

A. P. D. Hesse, 106 North Cortez Street, Prescott, Arizona.

B. Property is in Walnut Grove or Walnut Creek District, sec. 12, T. 11 N., R. 4 W., Yavapai County, Arizona.

C. Conclusions:

1. Production of more copper is in line with DMA program, but production at cost above price is not to be encouraged.

3116

2. Project is technically feasible

3. Requirements would be obtainable excepting perhaps the sulphuric acid needed for leaching plant.

4. Would have to be financed by Government.

5. Competence of applicant. Not investigated, but questionable on his own showing.

D. Recommendation: Denial of loan application, with no encouragement of alternative proposal.

E. Original request was for a loan of $250,000 for

Purchase of property	$ 50,000
Buildings	20,000
Machinery and Equipment	100,000
Working capital	80,000
	$250,000

F. Proposal would be generally acceptable in copper program, if cost were not so high.

G. 1. Reserves: Report submitted by applicant (Sizer, 1930) estimates 1,300,000 tons @ 1.75 percent copper "developed" and 2,100,000 @ 1.50 probable. The ct estimate of the Bureau of Mines at conclusion of its investigation was 300,000 tons @ 1.0 percent copper, or 220,000 @ 1.2.

2. Rate of production: Applicant proposed 150 tons of ore per day.

3,4. Mining, milling, & costs.

The ore would be mined open pit, crushed, leached, or leached and floated, both, and the precipitates and concentrate shipped to a custom smelter. The applicant furnished no information on this subject whatever, except to refer to the Sizer report and suggest increasing Sizer's 1930 cost estimates by 80%.

	Sizer (600 T/D)	B. of M. (1000 T/D)
Mining	$0.75 per ton	$0.60 per ton
Crushing	.10	.08
Leaching	1.40	1.40
Freight	.20	.08
	$2.46	$2.16

Sm. & Ref.	.77	
Overhead	.10	
	$3.33	
Cost of Plant	$260,000	$500,000
Cost of other	340,000	25,000
Total capital cost	$600,000	$525,000
Total capital cost per ton	$0.20	$1.70
Total cost per lb.	$0.11	$0.22
Add smelt & ref. etc	"	.03
		$0.25

Thus it is apparent that, on the basis of the 1943 estimate of the Bureau of Mines, it would have cost $0.25 a pound exclusive of interest, Federal taxes, or profit, to produce copper from this deposit. Present costs would be well above this figure.

5.6 5.6 No comment

H. 1. No facilities on property now.

2. Little or none of the needed open-pit mining equipment or leaching plant equipment could be had except now. Sulphuric acid is in short supply.

3. No transportation problem seen.

4. Manpower requirement would be small and probably could be met without serious conflict with other mining operations.

5. Little electric power needed, mining equipment could be oil powered.

I. Proposed financing:

1. Applicant requests loan of entire amount needed.

2. The amount requested would not be adequate for a 600-ton plant.

3. The applicant offers no security except the property and plant to be acquired.

4. The loan would be repaid, according to applicant, by applying one half net income. Our estimates indicate this would be inadequate.

J. The applicant says he has owned mines, bought and sold ore. We have not inquired further.

K. Correspondence:

Has consisted of letters to applicant requesting sufficient information to consider proposal. The file is now in hands of Field Committee.

/s Tom Lyon

Tom Lyon, Chief
Copper Commodity Committee

Enclosure

Approved:

C. O. MITTENDORF
Chairman, Operating Committee

/s Lowell B. Moon

Member, Bureau of Mines

/s Chas. N. Rowe

Member, Geological Survey

CHJohnson:ba

Copy to J. H. East, Executive Officer, DMA Field Team, Region IV
224 New Customhouse, Denver 2, Colorado
Copper Commodity Committee
F i l e s

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

February 19, 1951

Re: Docket No. DMA-260

Mr. P. D. Hesse
106 North Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This acknowledges receipt of a copy of a report by F. L. Sizer on the Hammon Copper Company Property, Walnut Creek District, Yavapai County, Arizona, dated October 24, 1950. Until this was received we did not identify the McMahan Group as one of the claim groups associated with the original Zonia Group.

The Bureau of Mines conducted an exploration project, very largely on the Cuprite Claims of the McMahan Group, in 1942 and 1943. Evidently you were not aware of this, therefore I enclose a copy of Report of Investigations 4023, "Zonia Copper Mine, Yavapai County, Arizona, by C. A. Kunke, March, 1947. In the course of that investigation all available data resulting from earlier investigations and operations were gathered together, including the reports by Sizer and O. H. Hersey.

Having studied the information now at hand, we have regretfully concluded that the deposit could not be equipped and operated to produce copper at or below the present market price, and return the capital investment. Your application must therefore be denied.

We wish to thank you for making the proposal.

Very truly yours,

/s Tom Lyon

Tom Lyon
Director, Supply Division

Enclosure

CHJohnson:ba

Copy to F. H. East, 224 New Customhouse, Denver 2, Colorado
Executive Secretary
Copper Commodity Committee
F i l e s

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

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 1 9 1951
BUREAU OF MINES
DENVER, COLORADO

February 6, 1951

Memorandum

To: Executive Officer, D.M.A. Field Team, Region IV

Through: Operating Committee

From: Copper Commodity Committee

Subject: DMA - 260, P. D. Hesse, McMahon Mine, Prescott, Arizona

We have examined the data concerning the McMahon copper mines, submitted by Mr. P. D. Hesse, 106 North Cortez Street, Prescott, Arizona.

Extracts of reports submitted by Mr. Hesse, written by F. L. Sizer and Oscar Hersey, state that the property has developed ore to the extent of over 2 million tons, assaying 1.9 percent copper.

The development work consists of 7,000 feet of tunnels, cross-cuts, and raises. There is also 1,800 feet of surface trenching.

Will you please check the following:

1) Ore reserves -- possibility of developing more ores.

2) Metallurgy

3) Cost of putting the property into production.

4) Time necessary to repay the loan of $250,000, which has been requested.

5) Any other important features which in your judgment are important.

Enclosed you will find a file on this case, which we would like to have returned to this office.

Tom Lyon

Tom Lyon, Vice Chairman
Copper Commodity Committee

Approved:

C O Mittendorf

Acting Chairman, Operating Committee

J. H. Hedges

J. H. Hedges

Olaf N. Rove

Olaf N. Rove

DN 235 BUR MINES GA PLS

WASH BU MINES 310 2 15 51 4 9

J H EAST JR

RE P D HESSE APPLICATION DMA-260 MCMAHON PROPERTY YAVAPAI COUNTY ARIZONA THIS NOW IDENTIFIED AS ZONIA MINE. SUGGEST NO INVESTIGATION IN FIELD UNTIL WE HAVE REVIEWED INFORMATION AVAILABLE HERE. WILL YOU INFORM APPLICANT OF DELAY.

TOM LYON

4 11 END AC PL C

RECD OK LM

Will hold for JHE

read to JHE by phone 2/15/51 L.M. 3:15 p.m.

1-1027
ril 1946)

UNITED STATES
DEPARTMENT OF THE INTERIOR

129278

AGENCY BUREAU OF MINES

TELETYPE

Originator: Tom Lyon
Ext.: 5227 Room: 3620

Appro.:
Date: February 15, 1951
Time:
No.:
To: J. H. East, Jr., Executive Officer, DMA Field Team,
224 New Customhouse, Denver, Colorado
Subject:

Re P D Hesse application DMA-260 McMahon property Yavapai County Arizona this now identified as Zonia mine. Suggest no investigation in field until we have reviewed information available here. Will you inform applicant of delay?

/s/ Tom Lyon
Tom Lyon, Chief
Copper Branch, DMA

CONFIRMATION COPY

SENT
FEB 15 1951
Clerical Service Section

Authorized:

Sign original message and transmit to Room.....in duplicate

February 20, 1951

Pending

Mr. P. D. Hesse
106 No. Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

We have received a brochure and your application, Docket DMA 260, from the Copper Commodity Committee of the Defense Minerals Administration. Investigation of your property will be delayed pending further study of available information in Washington. We will contact you in the near future.

Sincerely yours,

J. H. East, Jr.
Regional Director

JHE/cl
cc-DMA files
Allsman

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 7 - 1951
BUREAU OF MINES
DENVER, COLORADO

February 1, 1951

Mr. P. D. Reese
106 Ma. Cortez Street
Prescott, Arizona

D.M.A. - 260

Dear Mr. Reese:

This will acknowledge receipt of the additional information which you have forwarded under date of January 22, with respect to the McMahon group of mining claims. You may rest assured that it will be given consideration in connection with your application.

Very truly yours,

J. K. RICHARDSON

J. K. Richardson
Chief, Copper Branch

JKRichardson/apd

CC - Administrator's reading file
Executive Secretary
Executive Officer, Field Team IV
Copper Commodity Committee
Files

MINERALS DEFENSE
OFFICE
RECEIVED BY
FEB 5 - 1951
BUREAU OF MINES
DEFENSE OFFICE

January 31, 1951

Mr. P. D. Hasse
106 N. Cortez Street
Prescott, Arizona

Re: DMA -260

Dear Sir:

We are in receipt of two reports on your property, one by F. L. Sizer and the other by E. L. Sweeney.

We wish to thank you very much for your submission of these reports, and they will be considered soon.

Very truly yours,

Tom Lyon, Assistant Chief
Copper Branch

TLyon:apd

CC - Administrator's reading file
Executive Secretary
Executive Officer Field Team Region IV
Files
Copper Commodity Committee

DMA

FEB 5 - 1951
DENVER, COLORADO

January 29, 1951

Mr. F. D. Keane
106 North Cortez Street
Prescott, Arizona

Dear Sir:

We have your application for a loan to place a copper property in production. You state that the property has over 63 million pounds of copper blocked out, which is substantiated by an engineer's report. If you would care to send us a copy of this report, together with maps, etc., we would be much more able to arrive at a conclusion regarding your request for a loan.

Very truly yours,

Tom Lyon, Assistant Chief
Copper Branch

TLyon:mpd

CC - Files
Administrator's reading file
Executive Secretary - 4623
Mr. Officer Field Team, Region IV
Copper Commodity Committee
Mr. Lyon

gnte

REGIONAL DIRECTOR'S
OFFICE
REGION IV
JAN 29 1951
BUREAU OF MINES
DENVER, COLORADO

January 26, 1951

Mr. P. B. Hesse
106 North Cortez Street
Prescott, Arizona

Dear Mr. Hesse:

This is to acknowledge your letter of January 17, concerning Docket No. DMA-260.

This case is currently being studied, and you should hear from us within the very near future.

Very truly yours,

J. K. RICHARDSON

J. K. Richardson
Chief, Copper Branch

JKRichardson

CC - L. F. Strebel - 4623
Field Team, Region IV
Copper Commodity Committee
Files

JKR

Form 6-98

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

U. S. GOVERNMENT PRINTING OFFICE 16—53493-2