

INDIAN DISTRICT POSSIBILITIES Tonopah Area

Nye County

(Nevada)

Esmeralda

B & N Group
Keystone shaft

etc.

FLATIRON CORPORATION
SUITE 7
4244 E. INDIAN SCHOOL RD.
PHOENIX, ARIZONA

4840 0077

ITEM
78

254

GEORGE W. TOWER

Tonopah Dist
my city
not Silver
Casilla 849
Lima, Peru
January 28, 1955

RECEIVED - T.L.
JAN 31 1955

Mr. T. Lindsley
230 Park Avenue
New York 17, N.Y.

Dear Thayer:

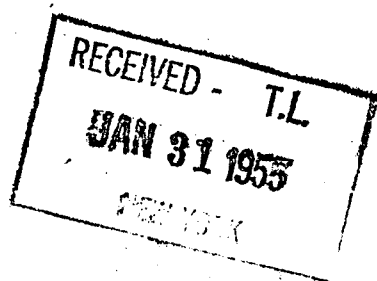
Enclosed a bit of "light reading" consisting of Jerolemon's and Nolan's opinion on exploration work in the north end of the Tonopah district.

Despite the obvious drawbacks, it seems to me that we should investigate the various obstacles and see if something can be worked out and I have written Bregy at some length to this end.

My very best, always,

George

*Dear Geo. I understand
we have in the Tonopah
District will look forward
to seeing you in your
return*



Casilla 849

Lima, Peru

January 28, 1955

Mr. L. H. Bregy
Panaminas Incorporated
230 Park Avenue
New York 17, New York

Dear Louis:

In my letter of January 16th to you, I advised that I had written to Ira Joralemon and Tom Nolan to obtain their confidential opinion on the exploration possibilities in the north end of the Tonopah district.

They were both good enough to answer my letters of inquiry promptly and I enclose extracts from the respective replies. As was thought possible Joralemon confirms that they signed off in the district as they felt that there was no longer a reasonable chance of success. On the other hand, nonone remains "conservatively optimistic", that the area is good prospecting country but also points out that additional exploration work will be costly.

Considering the exploration work carried on in the last five years a total of \$436,000 has been spent in diamond drill exploration and underground work by Calumet and Hecla, AS&R, Homestake-Bralorne and all of these companies have withdrawn from further work in the area. Sheet N# 3 accompanying the data sent by Mr. Broderick to Gordon Stott certainly shows how extensive the drilling campaign was. Evidently C&H drill holes 4 and 6 gave the best ore intersections circa 1948 but this company did not follow up the discovery with underground work. Instead after an unsuccessful drilling campaign by AS&R, the Homestake Bralorne group took over, rehabilitated the old King Tonopah shaft to its 300 ft depth, cross cut normally 900 ft where a vein with spotty values was encountered and sunk a vertical winze 250 ft deeper in this section, before abandoning exploration. According to Broderick, if activity were resumed the first step should be to sink this winze an additional 300 feet to explore the deeper horizon at which the C&H drillholes first encountered ore; he estimates the cost at \$ 63,000. Actually, of course, even if the cost could be restricted to such a figure, this would represent only the initial outlay and any company starting this exploration should be prepared to spend at least another quarter of a million dollars.

According to the GDS memo, C&H will give a 30% interest in the property for an expenditure of \$ 130,000 on the mine (representing their own outlay today); an additional 30% for a total of \$ 260,000 giving the financing company a 60% interest at that point. Expenditures beyond \$ 260,000 to be financed out of first income. In view of the fact that two strong financial mining groups have already signed off for exploration work in the area, it hardly seems to me equitably that C&H should feel they are entitled to such a preferential position for the funds they spent in the property several years ago. Furthermore, one of the explanations given for not continuing underground work themselves is that they did not have a western organization; this would apply with double force to Tonopah under present conditions.

Considering now the position of the Tonopah Mining Company itself, it is hardly imposition to be prepared to spend up to a quarter of a million dollars of its own funds on an exploration project of somewhat tarnished value. Such an amount would be quite a large chunk of total Tonopah assets. Exploration work, if undertaken, would almost surely have to be financed by a syndicate of which Tonopah was a member.

x unsuccessful

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Considering the record to date, it is hard to generate much enthusiasm for substantial expenditures in additional exploration of the north end of the Tonopah district. Two well-heeled and well advised companies have both had a shot at it. The suggested terms seem to me to be too one-sided in favor of the C&H. And it would be too much of a bite for Tonopah alone.

Despite all these obvious drawbacks, I confess that the project still intrigues me and feel that we should consider ways and means on doing something about it. Mining is replete with instances where large companies had signed off and successful exploration has followed. Perhaps more equitable arrangements than those listed could be made with the C&H; possibly some syndicate basis could be worked out whereby other members would have options on Tonopah stock, the net result to be that ultimately Tonopah would be in control if a successful operation came into being.

I suggest that you discuss better possible terms for an exploration program and also the chance of a suitable syndicate to carry on the work, with Gordon Stott.

If we have any luck along these lines we can then decide if this is a good worthwhile bet for Tonopah participation.

With best regards,

Sincerely yours,

George W. Tower

GWT:LT.

GEORGE W. TOWER

TBN EXTRACT

"I have of course been deeply interested in the work just north of Tonopah and have been there with Tom Broderick and Ira Joralemon on two or three occasions.

"I do think there are good grounds for being "conservatively optimistic" about the possibility of finding ore in the area. In addition to the small shoot explored by Bralorne-Homestake, the earlier drilling intersected a vein that was not reached by the more recent underground work. This, combined with the facts that the gold-silver ratio is that characteristic of the old district, that the alteration appears to be similar, and that the structural setting in the footwall of the Mypah fault seems also to be comparable to the TM and Belmont ground, makes one feel that the chances are good that the area is good prospecting country. But it will be costly, since I suspect the zone favorable for ore is several hundred feet below the surface. And of course nature all too frequently didn't behave the way geologists think she should!"

IBJ EXTRACT

"Answering your letter of January 16, as you assume we would not have given up the exploration project at the north end of the Tonopah District if we had thought there was any reasonable chance of success.

"The geological theory on which we started the work was correct. In fact, it was too good. As a result we hit the orebody at the best horizon on our 300 level. It looked like a real success at that time. Unfortunately later work proved that the 325 feet of continuous good ore developed on the 300 level only went up about 20 feet and down about 20 feet. Above and below this the ore was too spotty to pay the cost of development.

"In view of the fact that the small orebody was just where the geological theory indicated that it should be, we would not see any probability of finding ore at a deeper horizon, which would involve a completely different geological theory for which we could see no basis. Tom Broderick agreed with our theory before the work started, but afterward he developed a new theory to suggest that there should be larger orebodies at much greater depth. We did not think the chance of success would justify the \$200,000 to \$300,000 cost of proving the new theory."

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Nevada
Casilla 849
Lima, Peru
January 16, 1955

see Jones letter on Jones pass file
Mr. L. H. Bregg
Panaminas Incorporated
230 Park Avenue
New York 17, New York

Dear Louis:

I acknowledge with thanks receipt of your letter of January 7th with which were seven enclosures giving data on the Summit King Mine near Tonopah, Nevada. I have been waiting for this information and since its arrival have been studying the reports and letters with much interest.

Possibly you did not understand in New York when we discussed this matter that I would not write to Joralemon and Nolan until after the file of information on the project which you sent me, had arrived. This was based on the thought that it would be better to become fully familiar with developments to date before writing to them.

I have now written to Ira B. Joralemon and to Tom Nolan and hope that I will hear from them promptly. Of course the main question is why should Tonopah, with only limited funds at its disposal, start an exploration project where large companies with ample finances have already signed off.

It is unfortunate that this delay has occurred because time might be an important element in any future arrangements. I suggest that you write to Mr Broderick to say that we are definitely considering this project and hope to come to some sort of decision in the near future. Possibly you might ask him more about terms although we already have a list of the principal ones. This would be one way of keeping the matter going. This project seems such a good one for the Tonopah Company, viewed from various angles, that unless there is some very good reason against it, I think we should give it every chance.

In your other letter of the 7th you enclosed a copy of the bill received from Rodgers Peale for US\$ 261.17 and you asked my opinion as to who should pay this. I suppose the only answer is to put it in some sort of pending account and later Tonopah would take over these expenses. As matters stand now even a small account like this one would probably have to be authorized by the Board. This work was directly in connection with the Palma Rejo project and Peals' information on this and Mexican conditions of real value. Incidentally, have you returned his file to him as we arranged in New York in early December?

When I was in New York in December there were several projects in connection with Uranium exploration pending. I would like to have the latest information on what has happened to these as well as a summary of the previous background.

One of the men connected with the Palma Rejo option, Lesley Harris, who lives in Tucson, wrote me to ask if we would be interested in Uranium prospects in Arizona. I suggested that he send this information to you with a copy to me, but have not heard from him recently.

With best regards,
Sincerely yours,

230 PARK AVENUE
NEW YORK 17, N. Y.

Tonopah Area
Musgrave
April 28, 1950

Mr. Thayer Lindsley
25 King Street West
Toronto, Ontario
Canada

Dear T. L. :

Recently Horace Johnson of Tonopah Mining Company in Tonopah wrote me regarding a large block of ground to the south west of the Tonopah production area and adjoining it which is owned by two Tonopah people. Both of the owners are pretty well known to me. They are Fred Ninnis and Herman Budelman. Ninnis was manager of the old West End Consolidated and Budelman was mine superintendent of the Tonopah Extension when these properties were operating.

During the years since operations closed these two men have acquired stock control of the West End Consolidated, West End Extension and the Tonopah 76, properties which you probably know quite well. They have also staked and acquired another large tract of ground to the west of these holdings lying south of the Tonopah Western which adjoins the Tonopah Extension to the west. All of this adds up to a solid area of about 3,500 feet wide by almost 20,000 feet long, about as much area as the entire productive area in Tonopah.

The area recently drilled by Calumet and Hecla is north of the Tonopah productive area about 3 miles northeast of the Budelman and Ninnis group.

The theory which makes the B & N group look good and which is pretty well proven, is that the Mizpah trachyte occurs in an elevated position on the east end of their ground, elevated by movement on the Merton fault which is classified as the footwall phase of the main Tonopah fault by Dr. Nolan. At the east end of their ground the Keystone shaft was sunk some years ago about 700 feet. It collared in Brougher dacite (also called Fraction breccia), and was in this material for about 450 feet. It then went into Mizpah trachyte and bottomed in it. This was noted by Dr. Thos. B. Nolan in his Nevada Bureau of Mines paper of September 1935. Adjacent and to the north of the Keystone shaft the West Tonopah shaft

on Tonopah Extension ground, which is about 1100 feet deep, years ago drove a crosscut on their 950 foot level. Considerable of the crosscut is in Mizpah trachyte which contains at least two stringers of mineralized material. The trachyte is underlain by West End rhyolite, also a productive rock in the district. These two exposures, both noted by Nolan, are the only ones in which any exploration was carried on and this exploration was rather superficial.

The presence of the Mizpah formation in the western area is apparently no secret and perhaps you already know about it. Mineralization in the formation will depend upon fracturing in it and upon the entry of mineralizing solutions into the area. It seems to me that the chances are extremely good.


I have a number of maps which illustrate the occurrence quite clearly, including a block diagram by Dr. Nolan. I shall not send these now but we may examine them upon your return to New York.

Budelman and Ninnis have located about 40 claims in the west end of the district and are now faced with doing assessment work on them, starting before July 1st. They are reluctant to do this work on individual claims because they are all located on cap rock (Brougner dacite) and work in this rock is a waste of money. However, a drilling program on one group could be applied as assessment work on all contiguous claims and they are all contiguous. Shaft work might also apply and this would mean an expenditure of not more than \$5,000 to take care of 50 claims.

It is essential that we move within the next month if we are interested since helping the owners hold the located claims will place us in a good bargaining position with them. They have not suggested any kind of deal on the property but this can be discussed if you like the setup as well as I do.

If there are any questions please telephone or write me.

Sincerely yours,



George W. Mitchell

GWM:e

Nevada
Gen
May 2, 1950

Dr. Thomas B. Nolan
Apartment 31
2219 California Street N. W.
Washington, D. C.

Dear Tom:

I haven't heard whether or not you and Pete came to New York as you had planned but presume you did. I'm sorry that we had to be in the West just at that time and so missed opening up a keg of nails with you.

We are still not getting very far with our lessor on Eureka. I think, sometimes, that we never will get back on the beam there but I guess we will eventually.

In my spare time I have been studying various places in the West, including Tonopah. I have been in correspondence with Herman Budelman, whom you probably know. Herman and Fred Ninnis own a big block of ground southwest of the main ore zone in Tonopah and have control of the West End Con, West End Extension and the Tonopah 76. Their purpose in acquiring all this ground, which is some 3500 feet wide by about 4 miles long, was to cover the possible extension of the district in this direction.

Their theory, which seems to have considerable foundation in fact, is that the Mizpah trachyte is stepped up in the vicinity of the Keystone Shaft and the West Tonopah Shaft, being only some 450 feet from the surface at the Keystone. This is shown in your block diagram in your University of Nevada bulletin of 1935. The Mizpah formation is so prolific in the main Tonopah zone and has been explored so little in the southwest area that it looks to me like an excellent gamble. The formation does not necessarily have to be productive in this area but it has not been proved to be unproductive. A couple of mineralized cracks were explored in the West Tonopah. You do not mention the southwest as a good possibility for wildcatting and I am wondering why. Apparently Broderick and you like the north as this direction is recommended in your paper and C & H had done their work to the north.

If you have the time drop me a line some time soon and pass on your opinions.

With best regards to you all,

Sincerely,

Hum.
George W. Mitchell

GWM:e

COEUR D'ALENE MOUNTAINS
IDAHO

CHESTER T. KENNAN
MINING GEOLOGIST AND ENGINEER

ans. 2/6/17

Tonopah
Nevada

Monday, July 15, '17.

Mr. J. E. Spurr
Phila, Pa.

Dear Mr. Spurr -

Your "Geology and
Ore-deposition at Tonopah," also "Relation of
Ore-deposition to Faulting," were read and
studied with great interest. I had never
happened to see them before, in fact, they
are a part of a very large majority of
geologic literature which has escaped my
attention owing to the nomadic vocation
which has kept me traveling in wild and
out-of-the-way places in the mountains and
deserts between Alaska and the Old City of
Mexico for the last 25 years, always in
places where literature was non-obtainable,
and seldom stopping long at the same place.
I have constantly been pioneering from the
start i.e. hunting new mines and new
mining districts, and resurrecting old mines
and old mining districts which may have

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CHESTER T. KENNAN
MINING GEOLOGIST AND ENGINEER

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been "abandoned" for no good cause. I regard these the two most difficult ends for the mining geologist, i.e. - requiring experience and the best geologic sagacity. The measuring up of ore blocked out - "measuring cordwood" as I call it - scarcely falls within the province of the mining geologist - it's rather the business of the "ore buyer" than the miner. Many shrewd investors are, in recent years, beginning to "tumble" to that fact. They are beginning to see that if they can buy a "10-ft hole" for a couple hundred dollars which has a million-dollar mine under it - that is a good financial move in mining business - or, if they can trade a few greenbacks for an "abandoned" mine worth a million or two, that is equally lucrative mining business. Perhaps the writer's most noteworthy exploit partook of both these ends, when he purchased for Chicago clients the whole Hartveit Iron Dist. (reported "Folio 91") and sold it to the C. F. & I. Co., when Geo. W. Galer was

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IDAHO

CHESTER T. KENNAN
MINING GEOLOGIST AND ENGINEER

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in control of that Co. When I began buying up that district, it only had 3 holes in merchantable iron ore, and only one small outcropping of ore, and had been "abandoned" for 15 years. I had the "gall", even then, to buy up the whole district for cash (in the aggregate about \$250,000). Whereupon 7 noted city mining engineers from the East came out and flatly condemned the whole district with the remark, "insufficient ore to be of commercial use" - on that report 5 of those blythe "young fellows" lost their jobs forever, and the other 2 would, had it not been for alleged previous meritorious conduct. I might not have sold the mines yet, had it not been for John Birkinbine incidentally coming to my assistance. Suffice it to say, since 1898 these mines have furnished practically all the iron ore which has made steel west of the Min. R. - $\frac{2}{3}$ of U.S. I can board a train at Denver and ride all the way to the Pacific Ocean on rails made from these

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CHESTER T. KENNAN
MINING GEOLOGIST AND ENGINEER

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ores - and there is more ore "in sight" there now than ever before - the mines could not be bought for \$50,000,000 to-day.

I note P. P. 55 is out of print. If you have a copy you could loan me long enough to read it, I would greatly appreciate the favor. Think I must have read P. P. 55 some time, but, if so, I have entirely forgotten the mention of this character of veins.

Only a very diminutive bump of caution nudged me not to say (in my paper) that the manner of formation of these "lateral veins", as I call them, had not previously been described. I feel very thankful to that small "bump" now.

I judge from your brief allusions on pp. 735-6 - regarding the (West End) MacNamara vein - that you would account for these veins here in substantially the same manner as I do. Any criticisms, however, you may have to make of my article I shall be most happy to receive.

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MINING GEOLOGIST AND ENGINEER

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I should not have presumed, myself, to name these veins, had I not, in a sense, been driven to it by necessity. I came here about a year ago with the intention of being instrumental in handling this whole gold-tungsten belt, and at this date it appears quite likely I shall do it. I took 8 months to examination and investigation before buying anything, then acquired a tract of about 700 acres which I am developing this winter, and upon which there will be a large mill erected this season. I have options or "strings" on practically all the balance of the district, and am not weakening in my determination to handle it all! Being in this position, I found it imperative to have some name distinguishing these veins from the "vertical" fissure veins cutting the formations - and so concluded to call them "lateral veins". Considering that the name should be both inclusive and exclusive and, in the case of a vein,

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MINING GEOLOGIST AND ENGINEER

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consonant with the mechanics of its forming, I deemed the term "lateral" not inappropriate in the light of my explanatory definition. I should like your opinion and suggestions as to that.

Truly,

Chester T. Kennan