STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Ed Mc Knight
Rm 4204 G.S. Bldg.

DATE:

FROM :

SUBJECT: Quality 11a - Nuclear (report 2.09%) high with prod. of Paxton

JAN 14 1952

DEFENSE MATERIALS PROCUREMENT AGENCY
WASHINGTON 25, D. C.

JAN 10 1952

DMA-11A
Swalley Mine
Baxter Springs, Kansas

Mr. J. W. Hoffman
President
MacArthur Mining Company, Inc.
Box 356
Baxter Springs, Kansas

Dear Mr. Hoffman:

Regarding your request for a loan of $120,000 for operating the Swalley mine and your alternative request for a procurement contract, this agency has reviewed your request and given it careful consideration. Because of insufficient ore reserves in relation to mining costs there is no way whereby this agency can justify a loan, and on reviewing the data that has been submitted to date we find that a procurement contract would also be difficult to justify.

It would appear to us that this property should be further investigated with the idea of developing additional ore reserves; consequently it is suggested that you apply for an exploration grant at the Defense Minerals Exploration Administration.

Sincerely yours,

EDWARD S. NOBLE

Howard I. Young
Deputy Administrator

JCHAMILTON:ks/1-5-52
JWFEISS/af 1/9/52
Copies to: DMPA Files
USGS Room 4204
Young
Adm. Files
Douglas
Feiss
G.E.Johnson
(David Gallagher, Genl. Delivery, Joplin, Mo.
(Exec. Officer, Region VI

Edwin T. McKnight November 23, 1951

David Gallagher

Hoffman just phoned me and asked me to send you immediately our file copies of the hole logs of the Paxton, Swalley, and Stoskopf mines. Please return them to this office when you are through with them.

David Gallagher

Encl.
DG/lh

Dave C

XXXXXX XXXXXX
Joplin, Missouri
November 13, 1951

Airmail

Mr. E. T. McKnight
U. S. Geological Survey
Room 4204
G. S. Building
Washington 25, D. C.

Re: Docket DMA 11-11a
MacArthur Mining Co.
Baxter Springs, Kansas

Dear Mr. McKnight:

Confirming Dr. Gallagher's phone call this afternoon I have chosen the work sheets, maps and ore reserve calculations available in our files which I believe will assist you the most.

Needless to say, these are the only copies in this office and I believe they should be returned here upon completion of your calculations.

Apparently Perry Hurlbut found the Paxson ore reserves averaged 0.60 percent lower in grade than the Swalley "A". So I am enclosing the transcript we have of all the drill hole assays for your analyses as well as the Paxson-Swalley operating statistic sheets which somewhat refutes that difference as 2.22 is compared to 2.41 percent recovery in the actual production record which is a typical divergence found when mining sheet ground ore deposits as compared to their churn drill hole samples.

Sincerely yours,

C.C.K.

Clinton C. Knox
For David Gallagher
Chairman
DMA Field Team, Region VI

CCK/jd
Enclosures

OCT 19 1951

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

OCT 16 1951

MA-11
MacArthur Mine
MacArthur Mining Company
Baxter Springs, Kansas

Mr. John G. Ford
General Services Administration
Washington 25, D. C.

Dear Mr. Ford:

This is to acknowledge your recent letter forwarding telegram and letter dated September 5 and 25, 1951 respectively from the MacArthur Mining Company, Baxter Springs, Kansas. Both communications are returned herewith.

Field team report on MacArthur Mine shows estimated reserves of 181,727 tons of indicated ore having an average of 1.71 percent of recoverable zinc and 0.61 percent of recoverable lead. With new equipment and improvement of operation, requiring four months it is anticipated that the operation will reach a production goal of 700 rock tons per day resulting in approximately 500 tons per month of 60% zinc concentrates and 100 tons per month of 80% lead concentrates for a period of ten months.

The indicated profit on the operation, as estimated by the field team, is small but sufficient to repay the loan within the time scope of the operation.

Favorable and unfavorable factors in this proposal are outlined on pages 7 and 8 of the review by [illegible] F. Ellis, Mining Engineer for the RFC.

The RFC examiner recommends the requested loans be not approved for an RFC business loan for the following reasons:

1. Collateral offered is not regarded as reasonable security for the loan requested.
2. Applicant's working capital is in a negative position which would not be satisfactorily cured by the making of the loan.
3. Applicant's indebtedness is considered to be excessive to the net worth and such excessiveness would be substantially extended by the making of the loan.
4. It is not evident that prospective earnings will be adequate to repay the loan from net profits in a satisfactory manner.

However, since the above adverse findings, zinc and lead have increased in price.

Further action on the loan assistance requested depends on whether DMA determines that the loan should be authorized under provisions of Title III, Section 302, Defense Production Act of 1950. However, if authorization were to be recommended by DMA, then RFC recommends that it be made under the terms and conditions outlined on pages 6 and 7 of the examiners report dated July 12, 1951.

A direct loan of $80,000 to the Macarthur Mine (DMA-11) with RFC acting as the fiscal agent was recommended to DPA under date of August 16, 1951.

Very truly yours,

Acting Administrator

Enclosures

EFBillings:ks

Written 10/15/51

Copy to: Administrator
Deputy Administrator
Docket File DMA-11
Moon
2 copies to Region VI David Gallagher, Executive Officer
Bishop
McKnight
Billings

COPY COPY

TELEGRAM

BAXTER SPRINGS, KANSAS, SEPTEMBER 5

JOHN LARSON, DEFENSE MATERIALS
PROCUREMENT ADMINISTRATOR
PLEASE ADVISE TO WHOM WE SHOULD MAKE APPLICATION FOR
EQUIPMENT TO INCREASE PRODUCTION OF LEAD AND ZINC AS PER
STATEMENT OF THE PRESIDENT AUGUST 28 PARAGRAPH #5
EXECUTIVE ORDER #10281 SECTION 306

MACARTHUR MINING CO J W HOFFMAN PRESIDENT

COPY COPY

MACARTHUR MINING COMPANY, INC.
Box 356
Baxter Springs, Kansas

September 25, 1951

General Services Administration
Washington, D. C.

Attn: John G. Ford

Dear Mr. Ford:

In reply to your letter of September 20th, the name of our company is the MacArthur Mining Company - a Kansas Corporation - located four (4) miles west of Baxter Springs, Kansas, mining zinc and lead ores. Have been in operation since 1943 and are now producing over 200 tons of zinc concentrates and 25 tons of lead concentrates per month. Hoisting 300 to 350 tons of ore per day with a recovery of 3% zinc and .25% lead.

Mine is fully mechanized, can double present production by installing one Jumbo Drilling Machine costing $8,500.00, one Ore Loader - Traxcavator or Allis-Chalmers - costing from $10,000.00 to $11,500.00 and one Dumptruck costing $7,069.55.

Trusting this will give you the desired information,

Very truly,

MacArthur Mining Company

By /s/ J. W. Hoffman

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

MAY 25 1951

MacArthur Mining Company

Memorandum

To: Mr. Otto Herres

From: Coordinating Committee

Subject: Field Report on [illegible]-11-11a, dated May 8, 1951.

We have reviewed the subject report and find that, while it is not presented on the recommended outline, it probably will serve your purpose and be the basis for final consideration of the applicant's proposal.

Tom Lyon
Chairman
Coordinating Committee

Lowell B. Moon

Bureau of Mines

Olaf N. Rove

Geological Survey

cc: Files
Mr. Lyon
Mr. Strobel
Field Team, Region VI-2

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

MacArthur Mining Company

Memorandum

To: Mr. Otto Herres

From: Coordinating Committee

Subject: Field Report on [illegible], dated July 6, 1951.

We have reviewed the subject report and find that, while it is not presented on the recommended outline, it probably will serve your purpose and be the basis for final consideration of the applicant's proposal.

Tom Lyon

Chairman
Coordinating Committee

Lowell B. Moon

Bureau of Mines

Olaf N. Rove

Geological Survey

cc: Files
Mr. Lyon
Mr. Strobel
Field Team, Region VI-2

MAY 21 1951

David Gallagher Region VI

May 15, 1951

Memorandum

To: Production Expansion Division

From: Director, Supply Division.

Re: Docket DMA-11 - 11 A
Lead - zinc

Subject: Approval of mining loan and procurement contract
J. A. Hoffman, President
McArthur Mining Company
Baxter Springs, Kansas

B. McArthur Mine
NE 1/4 Sec. 6, T. 35 S., R. 24 E. (McArthur mine)
S 1/2 Sec. 33, T. 34 S., R 24 E. (Swalley mine)
Cherokee County, Kansas

C. (1) The combined monthly production of 1300 tons of 60% zinc concentrates can be added to a much needed zinc metal supply if these mines are put into full production. The McArthur mine is now operating but at a production rate less than is anticipated if a loan is granted.

(2) The ore bodies to be mined are typical of the Tri-State area. The installation of the mechanical equipment for mining which would be installed if the loan is granted, has been demonstrated to be not only feasible, but has reduced costs materially in other operations in the district where the change over to this type of mining has been made.

(3) The applicant has made some effort already to acquire some of the equipment necessary for this expansion program. Equipment is probably getting scarce in the Tri-State area, therefore, mine serialization, as outlined in DO-7, will probably be necessary.

(4) Applicant requests a direct mining loan from the Government, plus a procurement contract on the McArthur Mine and the Swalley mine as outlined in the section on recommendations. The period covered by the procurement contract is sufficient to allow the retirement of the principal and the interest on both loans.

(5) No information available to reviewer.

D. The field team reports indicate that the scheme originally proposed by Mr. Hoffman cannot be recommended for approval. An alternative plan is presented and which meets with the applicants approval (see letter from Gallagher and Hoffman). It is recommended that the applicant be granted a mining loan of $60,000 on the McArthur mine, plus the negotiation of a procurement contract guaranteeing to the operator a price not to exceed the current market price of $115.00 per ton of 60% zinc concentrates for a period of 1 1/2 years. The rate of delivery shall be 500 tons of 60% zinc concentrates per month.

It is further recommended that the applicant be granted a mining loan of $120,000 for the Swalley mines plus the negotiation of a procurement contract not to exceed the current market price of zinc concentrates and to continue in force for a period of two and one-half years. Rate of delivery shall be 600 tons of 60% zinc concentrates per month.

E. Applicant originally requested a loan of $300,000 to dewater, equip and put into production the Paxson mines. Field examination indicated that reserves were not adequate for such a mining venture. An alternate plan submitted by field team is satisfactory to applicant. Details of the plans are set forth in the attached docket and field team report.

F. The anticipated production from these properties will add approximately 12,000 tons of zinc metal to our national supply. This production will make a significant contribution toward maintaining national production goals.

G. (1) Reserves: McArthur mine, 181,727 tons of ore containing 1.71% recoverable zinc and 0.61% recoverable lead. Swalley mine, 424,779 tons of ore containing 2.032% recoverable zinc and 0.174% recoverable lead. This ore represents a reserve of 11,994 tons of zinc metal.

(2) Rate of production: McArthur mine, 700 rock tons per day = 500 tons 60% zinc concentrates per month.

Swalley mine, 700 rock tons per day = 600 tons of 60% zinc concentrates per month.

(3) Modern methods of mechanization, as practised in the Tri-State area will be used in these operations, costs are estimated at $2.40 per ton.

G. (4) Milling will be at a custom mill. Costs are estimated at $1.22 per ton for hauling and milling. Total mining and milling costs are $3.62 per ton of ore.

(5) Smelters at St. Louis.

(6) Maximum production can be attained in six months.

H. Statement on availability of project requirements as to:

(1) Equipment - information not in application.

(2) New equipment - accurate statement not in application.

(3) Transportation - by truck, over modern roads.

(4) Manpower - adequate.

(5) Power adequate.

I. Statement on proposed financing as to:

(1) Proposal and alternative set forth in field team report.

(2) If plan outlined by field team is followed, the ~~amount of the loan~~ estimated income from the operation is adequate to amortize the loan and allow the operator a fair profit.

(3) Security of loan to be established by negotiation. Presumably the security will be a lien on the property and equipment.

(4) Repayment should be negotiated on the basis of a percentage of the returns from ore sales.

J. No information available to reviewer.

K. All correspondence is contained in the attached docket material.

ALBrokaw:emp G 5/16/51

Copies to: David Gallagher (2)
E. T. McKnight 4204 GSA
~~ExxFxxMxKxxghx~~
L. B. Moon
L. F. Strobel
R. H. Mote
Tom Lyon

Tom Lyon

Tom Lyon, Director
Supply Division

Directors reading file 4214 GSA
Br. reading file 4214 GSA
Files

David Gallagher, Region VI

MAY 21 1951

May 15, 1951

Memorandum

To: Production Expansion Division

From: Director, Supply, Division.

Re: Docket DMA-11 - 11 A
Lead - zinc

Subject: Approval of mining loan and procurement contract
J. W. Hoffman, President
McArthur Mining Company
Baxter Springs, Kansas

B. McArthur Mine
NE 1/4 Sec. 6, T. 35 S., R. 24 E. (McArthur mine)
S 1/2 Sec. 33, T. 34 S., R 24 E. (Swalley mine)
Cherokee County, Kansas

C. (1) The combined monthly production of 1500 tons of 60% zinc concentrates can be added to a much needed zinc metal supply if these mines are put into full production. The McArthur mine is now operating out at a production rate less than is anticipated if a loan is granted.

(2) The ore bodies to be mined are typical of the Tri-State area. The installation of the mechanical equipment for mining which would be installed if the loan is granted, has been demonstrated to be not only feasible, but has reduced costs materially in other operations in the district where the change over to this type of mining has been made.

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It is further recommended that the applicant be granted a mining loan of $120,000 for the Swalley mines plus the negotiation of a procurement contract not to exceed the current market price of zinc concentrates and to continue in force for a period of two and one-half years. Rate of delivery shall be 600 tons of 60% zinc concentrates per month.

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F. The anticipated production from these properties will add approximately 12,000 tons of zinc metal to our national supply. This production will make a significant contribution toward maintaining national production goals.

G. (1) Reserves: McArthur mine, 181,727 tons of ore containing 1.71% recoverable zinc and 0.01% recoverable lead. Swalley mine, 424,779 tons of ore containing 2.09% recoverable zinc and 0.17% recoverable lead. This ore represents a reserve of 11,994 tons of zinc metal.

(2) Rate of Production: McArthur mine, 700 rock tons per day = 500 tons 60% zinc concentrates per month.

Swalley mine, 700 rock tons per day = 600 tons of 60% zinc concentrates per month.

(3) Modern methods of mechanization, as practiced in the Tri-State area will be used in these operations costs, are estimated at $2.40 per ton.

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(4) Repayment should be negotiated on the basis of a percentage of the returns from ore sales.

J. No information available to reviewer.

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ALBrokaw:emp G 5/16/51

Copies to: David Gallagher (2)
E. T. McKnight 4204 GSA
~~ExxFxxMcKnight~~
L. B. Moen
L. F. Strobel
R. H. Mote
Tom Lyon

Tom Lyon
p.p.
Tom Lyon, Director
Supply Division

Directors reading file 4214 GSA
Br. reading file 4214 GSA
Files

Joplin, Mo.

May 8, 1951

Mr. Otto Herres,
Defense Minerals Administration,
Department of Interior,
Washington 25, D. C.

Dear Mr. Herres:

Submitted herewith is our report on J. W. Hoffman's application (Docket DMA-11-11a) for the MacArthur, Paxson, Swalley, and Stoskopf mines in the Tri-State district.

Investigation by Mr. Perkins of the Bureau of Mines staff connected with this office has shown that the plan originally proposed by Mr. Hoffman is not workable. Mr. Perkins has proposed a revised plan that we recommend. This revised plan has been discussed with J. W. Hoffman who approves it as attested in the accompanying letter.

I recommend that the revised plan herein contained be considered for approval.

Sincerely yours,

David Gallagher

David Gallagher

Encls.

8-18-54

File Catalogue

McArthur Mining Co.
Docket DMA-1180 11a.

Mar. 9, 1951 – Otto Herres to J. W. Hoffman – Expl. DMA program

May 8, 1951 – Field Team Report signed only by Perkins – Recommends:
$60,000 Prod. loan on McA.
$120,000 " " " Swalley

Mar. 16, 1951 – J. Boyd to Sen. MacFarland
Re: McArthur application

Mar. 16, 1951 – Otto Herres to Field Team – Field Referral of McArthur appl.

Mar. 21, 1951 – Tom Lyon to J. Hoffman – request additional info on McArthur appl.

Mar. 15, 1951 – P. K. Hurlbut to Brokaw – One Reserve calc.

5-8-51 – Gallagher to Otto Herres – Transmittal of Perkins Report

5-15-51 – Tom Lyon to DPA – Recommend $60,000 + $120,000 loans

10-16-51 The Administrator to John Ford G.S.A. – Loan approval questioned by E. V. Ellis, R.F.C.

1-10-52 H. I. Young to J. Hoffman – $120,000 Swalley loan denied.

5-15-52 McKnight to Gallagher – U.S.G.S. returned Swalley data after another review of application

2-24-53 Tom Lyon to R.F.C. – notice that $60,000 loan against production from McArthur mine was made sometime after 1951 application.

FEB 27 1953

DEFENSE MATERIALS PROCUREMENT AGENCY
WASHINGTON 25, D. C.

FEB 24 1953

Re: DMA-11
MacArthur Mining Co.
Baxter Springs, Kansas

Reconstruction Finance Corporation
Washington 25, D. C.

Attention: Mr. S. A. Bingham

Gentlemen:

The MacArthur Mining Company made application in 1951 for assistance in developing expanded production at their Tri-State mining property.

At the time negotiations were initiated, the possibilities included a loan under Section 302. It was decided that an advance against production would be more applicable and this advance, in the amount of $45,000, was subsequently made.

In the event your file contains some record of a loan having been considered, this will enable you to record the outcome and to close the file.

Very truly yours,

Tom Lyon

Director, Domestic
Expansion Division

FIELD TEAM REGION VI

MAY 19 1952

IN REPLY REFER TO:

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

May 15, 1952

Mr. David Gallagher
U. S. Geological Survey
221 West 3d Street
Joplin, Missouri

Dear Dave:

It has been several weeks now since we have had a visit from John Hoffman and since I have heard anything about the Swalley loan. On the surmise that we may possibly be through with this project, I am returning, under separate cover, all of the material that you and Mr. Knox sent to me last November.

I have made up a new calculation of the reserves based on a working face of 12 feet and of 14 feet. I will keep my work sheets on this calculation in my file as I doubt that you would have any need for it.

Many thanks for the loan of this material. I hope that I won't have to bother you again for any part of it.

With best wishes.

Sincerely yours,

Mac

Edwin T. McKnight

also see attached folders of churn drill hole logs
1. Stockpile
2. Swalley-B
3. Popson
4. Swalley A.

need material 5/23/52

[redacted] OSKOPH [redacted] (ZnS)

1	2	3	4	5	6	7	8	9	10	11	12
Block	Hole No.	Ht.	% ZnS	Ht. x ZnS	Av. % ZnS	Av. Ht.	area	Cu. ft.	Rk. Tons	- 10%	Tons ZnS
A	44	7.5	0.33	2.47							
	37	10.0	0.52	5.20							
	61	10.0	0.10	1.00							
	38	10.0	0.10	1.00							
	41	12.0	0.91	10.92							
		49.5		20.59	0.41	9.9	55,600	550,440	44,035	39,632	162
										(PbS)	
					Av. % PbS						
A		7.5	1.54	11.55							
		10.0	2.79	27.90							
		10.0	0.59	5.90							
		10.0	1.84	18.40							
		12.0	0.62	7.44							
		49.5		71.19	1.44	9.9	"	"	"	"	570

ZnS

PbS

[redacted] [redacted]

[redacted]RLEY "A"

1	2	3	4	5	6	7	8	9	10	11	12
Block	Hole No	HT	% ZnS	Ht × ZnS	Av % ZnS	Av Ht.	Area	Cu ft	Pb Zone	−10 %	Zone ZnS
A	18A	10.0	2.66	26.60							
	17A	11.0	2.70	29.70							
	12A	9.0	2.84	25.56							
	2A	10.0	3.37	33.70							
	3A	8.0	1.19	9.52							
	4A	7.0	3.93	27.51							
	5A	12.5	3.79	47.37							
	7A	10.0	2.41	24.10							
	10A	10.0	1.00	10.00							
	Face	18	3.00	54.00							
	"	18	1.75	31.50							
	"	17	2.00	34.00							
	"	17	2.50	42.50							
	"	16	2.25	36.00							
	1A	12	1.00	12.00							
		185.5	12	444.06	2.39	12.37	138,000	1,707,060	136,564	122,908	29.37
A					0.21	"	"	"	"	"	258

Zn S

Pb S

[redacted] SURVEY "A" (ZnS) [redacted]

1	2	3	4	5	6	7	8	9	10	11	12
Block	Hole No.	Ht.	% ZnS	Ht. × ZnS	Av. % ZnS	Av. Ht.	Area	Cu. Ft.	Cu. Ft. ZnS	-10%	Tons ZnS
B	29 A	9.0	5.11	45.99							
	28 A	11.0	2.23	24.53							
	52 A	8.0	3.33	26.64							
	15 A	10.0	1.20	12.00							
	94 A	8.0	0.94	7.52							
	22 A	10.0	2.02	20.20							
	48 A	10.0	2.54	25.40							
	50 A	10.0	4.12	41.20							
	68 A	10.0	5.70	57.00							
	72 A	10.0	3.22	32.20							
	70 A	10.0	3.90	39.00							
	74 A	12.0	8.04	96.48							
	Face	11.0	3.00	33.00							
	Face	11.0	2.00	22.00							
		140.0		483.16	13.45	10.00	352800	3,528,000	282,240	254,016	8763
B	29 A	9.0	0.10	0.90							
	28 A	11.0	0.10	1.10							
	52 A	8.0	0.10	0.80							
	15 A	10.0	0.64	6.40							
	94 A	8.0	0.10	0.80							
	22 A	10.0	0.30	3.00							
	48 A	10.0	0.10	1.00							
	50 A	10.0	0.10	1.00							
	68 A	10.0	0.10	1.00							
	72 A	10.0	0.10	1.00							
	70 A	10.0	0.10	1.00							
	74 A	12.0	0.10	1.20							
	Face	11.0	0.10	1.10							
	Face	11.0	0.10	1.10							
		139.0		21.40							
				0.15	(Use 0.21)	10.0	"	"	"	"	533

ZnS

Pb S

SWALLEY "A"

1	2	3	4	5	6	7	8	9	10	11	12
Block	Hole	Ht.	% ZnS	Ht × ZnS	Av % ZnS	Av. Ht.	Area	Cu Ft.	Rb Zns	-10%	Zns ZnS
C	36A	10.0	2.11	21.10							
	33A	10.0	7.25	72.50							
	31A	10.0	1.83	18.30							
	30A	13.0	1.45	18.85							
	27A	10.0	1.90	19.00							
	21A	10.0	5.33	53.30							
		63.0		203.05	3.22	10.50	63,300	664,650	53,172	47855	15.41
					0.21						100

Zns

PbS

[redacted]ONLLEY "B"

1	2	3	4	5	6	7	8	9	10	11	12
Block	Hole No.	Ht.	% ZnS	Ht x ZnS	Av % ZnS	Av. Ht	Area	Cu Ft.	Rock Tons	-10 %	Tons ZnS
A	40 B	12.5	1.75	21.87							
	38 B	17.5	3.19	55.82							
	37 B	17.5	1.31	22.92							
	39 B	10.0	2.47	24.70							
	43 B	20.0	3.01	60.20							
	44 B	12.5	1.22	15.25							
	P 17	10.0	0.93	9.30							
		100.0		210.06	2.10	14.29	67,700	967433	77,394.	69,655	1462
					0.21	"	"	"	"	"	146

Zn S

Pb S

SWALLEY "B"

1	2	3	4	5	6	7	8	9	10	11	12	
Block	Hole	Ht	% Zn S	Ht × % Zn S	Av. % Zn S	Av. Ht.	Area	Cu. Ft.	Lb. Ore	−100	Tons Zn S	
B	18 B	10.0	3.87	38.70								
	21 B	10.0	1.30	13.00								
	28 B	15.0	1.76	26.40								
	29 B	15.0	1.50	22.50								
	32 B	10.0	1.50	15.00								
	34 B	15.0	1.50	22.50								
		75.0		138.10	1.84	12.5	739.00	9237.50	73900	66510	1223	Zn S
					0.21						139	Pb S
Block C	3 B	10.0	0.20	2.00								
	4 B	10.0	1.07	10.70								
	5 B	10.0	1.00	10.00								
	8 B	10.0	0.20	2.00								
		40.0		24.70	0.61	10.0	17,700	177,000	14160	12,744	77	Zn S
	3 B	10.0	1.55	15.50								
	4 B	10.0	0.21	2.10								
	5 B	10.0	1.27	12.70								
	8 B	10.0										
		40.0		30.30	0.75	10.0	"	"	"	"	95	As S

C
O
P
Y

L. McC.

EAGLE PICHER MINING & SMELTING CO
PAXSON OPERATIONS
OPERATING STATISTICS

	Month of June 1947	Accumulated to June 30, 1947
PAXSON MINE:		
Rock Tons hoisted and milled	22,860.2	1,118,343.7
Tons Concentrates produced:		
Zinc	569.111	24,859.8565
Lead	94.085	2,257.283
Total	663.196	27,117.1395
Recovery %		
Zinc	2.49	2.22
Lead	.41	.20
Total	2.90	2.42
SWALLEY MINES:		
Rock tons hoisted and milled	15,199.2	557,429.74
Tons concentrates produced:		
Zinc	420.110	13,420.31
Lead	70.620	921.115
Total	490.730	14,341.425
Recovery %		
Zinc	2.76	2.41
Lead	0.46	0.16
Total	3.22	2.57
STOSKOPF MINE:		
Rock tons hoisted and milled	2,115.6	176,879.4
Tons concentrates produced:		
Zinc	48.274	4,419.1985
Lead	16.010	732.074
Total	64.284	5,151.2725
Recovery %		
Zinc	2.28	2.50
Lead	.76	.41
Total	3.04	2.91

	June 1947	Accumulated to 6/30/1947
TOTAL - ALL OPERATIONS		
Rock Tons hoisted and milled	40,175	1,852,652.84
Tons Concentrates produced:		
Zinc	1,037,495	42,699.365
Lead	180,715	3,910.472
Total	1,218,210	46,609.365
Recovery %		
Zinc	2.58	2.30
Lead	0.45	0.22
Total	3.03	2.52
PAXSON MILL OPERATIONS:		
Paxson Ore		
Rock tons milled	22,860.2	1,118,343.7
Hours operated	261.5	14,724.46
Tons per hour	87.41	75.95
SWALLEY ORE:		
Rock tons milled	15,199.2	557,429.74
Hours operated	26.0	3,153.54
Tons per hour	81.37	56.09
TOTAL ROCK TONS MILLED	40,175.0	1,852,652.84
TOTAL HOURS OPERATED	463.5	25,811.5
WEIGHTED AVERAGE TON PER HOUR	86.68	71.78
Average assay of mill tails for the month of June 1947		
Zunc sulfide	.475	
Lead sulfide		
Cost Per Conc Ton (Including Royalty and tailings)		
Paxson	107.29	101.49
Swalley	101.02	110.57
Stoskopf Mine	124.37	112.65
Total Weighted average	105.66	105.52

The above cost includes royalty on concentrates produced but not sold or shipped June 30, 1947 - also Management Fee and Mill rental paid kand due.

Total concentrates 46.609.365
Cost Income 105.52
93218730
233046825
233046825
46609365
4918220.19480
Less 10% Royalty 491822.01948
Total rock tons - 1,852,652.84 4426398.17532
370530568
721092495
555795852
165296643
148212272
17084415.12

2.389 — less management fee
90
2.183
10 — less mill rental
2.083 total mining & milling

SWALLEY--A:
Ruhl--1947, May.

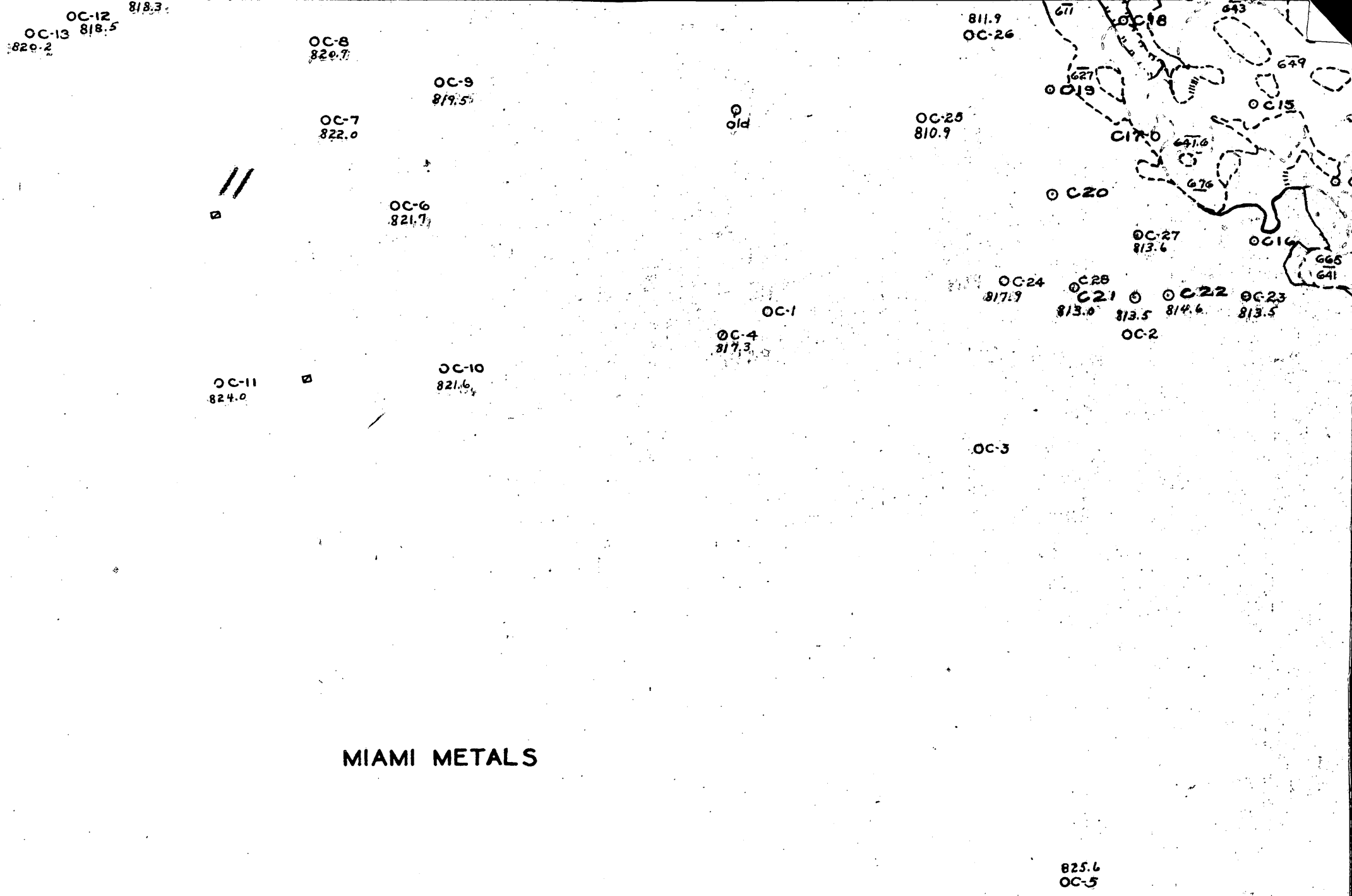
Rock Tons	466,344		
Zinc 60%	16,477	Recovery	3.533
Lead 80%	1,282		.275
			3.808

SWALLEY--B:

Rock Tons	187,834		
Zinc 60%	5,375	Recovery	2.862
Lead 80%	1,095		.582
			3.444

STOSKOPF--PAXSON:

Rock Tons	440,952		
Zinc 60%	11,976	Recovery	2.716
Lead 80%	3,480		.789
			3.505



MIAMI METALS

Mine	Classification	Rock Tons	% ZnS	% PbS	Tons ZnS	Tons PbS
Paxson	Developed	570,004	2.22	0.51	12,684	2,916
	Probable	174,387	2.00	0.20	3,499	350
	Total	744,991	2.17	0.44	16,183	3,266
Stoskopf	Developed	197,176	1.54	0.50	3,036	987
Swalley "A"	Developed	443,558	2.73	0.11	12,132	514
	Probable	257,898	1.39	0.07	3,589	170
	Total	701,456	2.23	0.097	15,721	684
Swalley "D"	Developed	634,263	2.77	0.30	17,607	1,883
	Probable	143,351	1.36	0.10	1,949	150
	Total	777,614	2.51	0.26	19,556	2,033
Summary - Developed and Probable		2,421,239	2.25	0.29	54,496	6,980

Respectfully submitted,

J. P. Lyden,
Geological Department

JPL:mfs

DEVELOPED ORE RESERVES

Block	Height	% ZnS	% PbS	Total Rock Tons	Less 10% For Pillars	Available Rock Tons	Tons ZnS	Tons PbS
Paxson								
A	11.35	1.76	0.77	108,000	10,800	97,200	1,710	748
B	11.12	2.20	0.89	130,771	13,077	117,694	2,589	1,047
C	9.33	1.40	1.40	54,860	5,486	49,374	691	691
D	12.50	2.58	0.21	114,000	11,400	102,600	2,647	215
E	14.00	2.16	0.00	45,584	4,558	41,026	886	0,000
F	10.92	3.05	0.04	75,304	7,530	67,774	2,067	27
Cleanup		2.20	0.20	94,336	---	94,336	2,094	188
Total		2.22	0.51	622,855	52,851	570,004	12,684	2,916
Stoskopf								
A	11.40	0.57	0.87	49,066	4,906	44,160	251	384
B	11.66	1.74	0.40	152,046	15,204	136,842	2,381	547
Cleanup	~~2x50x~~	2.50	0.41	16,176	---	16,176	404	66
Total		1.54	0.50	217,288	20,110	197,178	3,036	997
Swalley "A"								
A	13.97	2.26	0.18	128,714	12,871	115,843	2,618	208
B	9.72	2.87	0.05	311,196	31,119	280,077	8,038	140
C	11.32	3.10	0.35	57,375	5,737	47,638	1,476	166
Total		2.73	0.11	497,285	49,727	443,558	12,132	514
Swalley "D"								
"A"	11.89	1.31	0.73	138,114	13,811	124,303	2,249	907
"B"	13.00	2.03	0.26	41,704	4,170	37,534	761	97
"C"1	16.90	3.08	0.06	113,368	11,356	102,012	3,148	61
"C"	11.75	1.99	0.98	61,288	6,128	55,160	1,097	540
"D"	9.80	2.37	0.44	36,534	3,653	32,881	779	144
"E"	12.50	3.97	0.003	190,000	19,000	171,000	6,788	5
"F"	13.00	2.41	0.16	39,520	3,952	35,568	857	56
"G"	10.37	2.77	0.00	33,045	3,304	29,741	823	0,000
Cleanup		2.41	0.16	45,864	---	45,864	1,105	73
Total		2.77	0.30	699,637	65,374	634,263	17,607	1,883

PROBABLE ORE RESERVES

Paxson								
"A"	13.0	2.0	0.20	154,440	15,444	138,996	2,779	277
B	12.5	2.0	0.20	104,800	10,480	94,320	1,886	188
						233,316	4,665	465
Total		2.0	0.20 Less Factor of 25%		=	174,987	3,499	350

PROBABLE ORE FLOW

Block	Height	% ZnS	% PbS	Total Rock Tons	Less 10% For Pillars	Available Rock Tons	Tons ZnS	Tons PbS
Swalley "A"								
A	8.83	1.02	0.07	105,183	10,518	94,665	946	63
B	10.91	1.20	0.08	112,264	11,826	100,438	1,277	85
C	10.10	1.55	0.11	80,560	8,056	72,504	1,123	79
D	14.00	2.05	0.00	78,064	7,806	70,258	1,440	00
						342,865	4,786	227
Total		1.39	0.07	Less factor of 25%	=	257,[illegible]	3,589	170
Swalley "D"								
A	11.83	1.36	0.105	212,372	21,237	191,135	2,598	200
Total		1.36	0.105	Less factor of 25%		143,351	1,949	150

Exhibit "A"

STOSKOPF (80 acres)
W½SW¼ sec. 33, T. 34 S, R. 24 E., Cherokee County, Kans.

Block	Available Rock Tons	Percent Zn	Percent Pb	Tons Zn	Tons Pb
A	39,632	0.275	1.252	108	496
B	136,842	1.168	0.348	1,598	476
Cleanup	16,176	1.678	0.357	271	57
Total	192,650			1,977	1,029

PAXSON (80 acres)
E½SW¼ sec. 33, T. 34 S., R. 24 E., Cherokee County, Kans.

A	97,200	1.181	0.669	1,147	650
B	117,694	1.477	0.774	1,738	910
C	49,374	0.940	1.217	464	600
D	102,600	1.732	0.183	1,777	187
E	41,026	1.450	0.174	594	71
F	67,774	2.047	0.174	1,387	117
Cleanup	94,336	1.477	0.174	1,393	164
Total	570,004			8,508	2,699

SWALLEY "A" (80 acres)
W½SE¼ sec. 33, T. 34 S., R. 24 E., Cherokee County, Kans.

A	122,908	1.604	0.174	1,971	213
B	254,016	2.315	0.174	5,880	441
C	47,855	2.161	0.174	1,034	83
Total	424,779			8,885	737

SWALLEY "B" (80 acres)
E½SE¼ sec. 33, T. 34 S., R. 24 E., Cherokee County, Kans.

A	69,655	1.409	0.174	981	121
B	66,510	1.234	0.174	820	115
C	12,744	0.409	0.652	52	83
Total	148,909			1,853	319

GRAND TOTAL	1,336,342	1.587	0.357	21,215	4,784

Note: All calculations above are Zn metal and Pb metal.

Alexander Jones

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Joplin, Mo.

Sema 11, 11A

March 15, 1951

Mr. Arnold Brokaw,
U. S. Geological Survey,
O. S. Building,
Washington 25, D. C.

Attention: Defense Minerals Administration,
Lead-Zinc Commodity Committee.

Dear Mr. Brokaw:

I have calculated the ore reserves of the Stoskopf, Paxson, Swalley "A", and Swalley "B" properties, which comprise a portion of the leases held by Mr. John W. Hoffman. These calculations are shown as exhibit "A". Accompanying this report are two maps of the leases under investigation, which show ore reserve blocks as described in exhibit "A".

I would like to point out that in the ore reserve calculations made on the Stoskopf and Paxson properties, much weight was given to the grade observed in the existing mining faces. These observations were made by Mr. J. P. Lyden, Chief Geologist, Eagle-Picher Mining & Smelting Company, Cardin, Okla., and myself, approximately five years ago when Eagle-Picher ceased operations on them.

I cannot concur with some portions of the report made by Mr. William M. Stewart, of Joplin, Mo., for the following reasons:

1. The application of an "experience factor", or any factor, to large tracts of land in this district is not justifiable, particularly where extensive drilling has been done that does not indicate commercial mineralization.

2. The extent of his ore reserves are almost without precedent.

I have also given consideration to the MacArthur mine, situated in the NE¼ of sec. 6, T. 35 S., R. 24 E. In this respect I have indicated ore reserve blocks, "A", "B", and "C", which are presented on a map accompanying this report. Shown also are two blocks as outlined by Mr. Stewart, which I have designated as blocks I and II. I made an examination of the underground workings in this mine on March 13, 1951. Due to the presence of excessive water I was not able to examine the mine as thoroughly as desired.

Block I extends directly from the mining floor presumably to the mineralized portion of drill hole V24. However, the immediate presence of the Miami shear trough has complicated this situation somewhat, as the

mineralized portion of hole V24 is 40 feet lower than the present mine floor. Since the shear trough in many places is a graben, and therefore is definitely faulted, it is possible that 40 feet of barren ground will be encountered if mining of this block is attempted. If the ore in hole V24 is in a lower horizon than elsewhere in the mine, then 40 feet of barren ground will still be encountered. In some areas adjacent to the shear trough the beds are inclined steeply towards the trough and are therefore not faulted. This could be the condition in Block I, as I observed that the beds are inclined slightly towards the shear trough in the vicinity of Block I. I observed little or no ore on the mine face in this area.

According to shearing and mineralization which I observed in the mine on March 13, 1951, block "A" exists as shown on the MacArthur map. It is possible that this orebody includes blocks "B" and "C". I estimated the working faces in the block "A" area to be approximately 2.5 percent sphalerite and 0.50 percent galena.

I also examined the mine workings in the area of Stewart's block II. This is not "sheet ground" but is stratigraphically much higher and is undoubtedly in the Warsaw formation. These workings are in bouldery, broken ground, containing much calcite and shale. The ground is poorly consolidated and appears to be the type in which mining operations could be carried on only with great difficulty. This situation is made more difficult because the overlying Chouteau shale, lying unconformably on the Warsaw formation, is exposed in the roof of the workings. Being unstable, it creates great hazards to working conditions because of continually falling slabs.

I cannot concur with Mr. Stewart on the presence of his ore reserve block II. He has included four drill holes and all present mining faces as part of the block. I observed a little crystalline sphalerite on a small portion of the north wall of the mine, and there only. I examined all of the workings except the extreme western end, being unable to make a close visual inspection there because of the hazardous roof condition.

Mr. Stewart has shown, by the use of contours, the presence of a shale depression inclosing his block II and extending northward for several hundred feet. When these depressions are pre-Pennsylvanian in age they are often mineralized, and many important orebodies occur about the flanks of such depressions in this district. The ore outlined by Mr. Stewart appears to be pre-Pennsylvanian in age. It is possible that by further drilling on this structure an orebody could be delineated.

In all my ore reserve calculation I have used the grade of ore as indicated by faces or drilling as the recoverable grade. As a rule,

"sheet ground" orebodies produce a little better than is indicated by drilling, and this usually compensates fairly well for losses in milling.

Very truly yours,

Perry K. Hurlbut,
Geologist.

Enclosures - Exhibit "A".
3 Maps.

DEFENSE MINERALS ADMINISTRATION

Field Team, Region 6
Joplin, Mo.

David Gallagher, U.S.G.S.
L. T. McElvenny, U.S.B.M.

Report on Docket DMA-11-11a

MacArthur Mining Company
MacArthur, Pauson, Swalley, Stonkopf Mines

by
Edwin T. Perkins, U.S.B.M.
Perry K. Hurlbut, U.S.G.S.

May 8, 1951

Report on MacArthur, Paxson, Swalley, Stoskopf Mines,
J. W. Heffman, applicant, Docket DMA-11-11a.

by Edwin T. Perkins,
U. S. Bureau of Mines.

The application of the MacArthur Mining Company, Docket DMA-11-11a, includes the MacArthur mine which is situated 4 miles west of Baxter Springs on Route 166, and situated on a part of the NE¼, sec. 6, T. 35 S., R. 24 E., Cherokee County, Kansas, and the Paxson, the Swalley, and the Stoskopf mines which are 3 miles west of Baxter Springs on Route 166, and situated on the S½, sec. 33, T. 34 S., R. 24 E., Cherokee County, Kansas.

The estimates of the tonnages of indicated ore and the recoverable amounts of zinc and lead were made by Perry K. Hurlbut. The estimate of the costs and the calculations were made by Edwin T. Perkins.

At the MacArthur mine it is estimated that there are 181,727 tons of indicated ore with an average of 1.71 percent of recoverable zinc and 0.61 percent of recoverable lead.

At the Paxson, Swalley, and Stoskopf mines it is estimated that there is a combined tonnage of 1,136,142 tons of indicated ore with an average of 1.587 percent of recoverable zinc and 0.357 percent of recoverable lead.

In the following comparison, column (a) shows the average cost of mining and treating a rock ton at the MacArthur mine over a seven-year period and column (b) shows the estimated cost after installing the necessary mechanical equipment in an endeavor to reduce the operating cost.

	(a)	(b)
Drilling	$0.53	$0.43
Blasting	0.24	0.24
Loading	0.54	0.37
Underground haul	0.23	0.18
Roof protection	0.03	0.03
Hoisting	0.20	0.20
Blacksmith shop	0.08	0.08
Pumping	0.22	0.22
Power	0.17	0.17
Underground miscellaneous	0.25	0.25
Total mining	2.43	2.11
Office and administration	0.29	0.29
Hauling and milling	1.22	1.22
Total	$3.94	$3.62

MACARTHUR MINE

Using the figures in column (b) as a basis for operating costs after installing mechanical equipment at the Macarthur mine, we can expect the following returns:

	Tons	Value
Ore reserves	181,727	
Zinc metal (1.71 percent recoverable)	3,108	
60 percent zinc concentrate at ($115.00 less 10 percent royalty) $103.50	5,180	$536,130.00
Lead metal (0.61 percent recoverable)	1,108	
80 percent lead concentrate at ($218.42 less 10 percent royalty) $196.58	1,385	273,261.30
Total income - -		$809,391.30
Cost, using column (b), 181,727 at $3.62		657,851.74
Operating profit - -		$151,541.56
Less loan and interest		63,543.50
Profit - -		$ 87,998.06

The MacArthur mine is now operating, and after mechanization of the equipment it is the plan to increase the production to more than 700 rock tons a day, which will be hauled by company trucks to the Beck mill, 3 miles to the south, for custom milling. It is estimated that the change-over will require 4 months and there will be a production of approximately 500 tons of 60 percent zinc concentrates and 100 tons of 80 percent lead concentrates each month for a period of 10 months.

PAXSON, SWALLEY, AND STOSKOPF MINES

The Paxson, Swalley, and Stoskopf mines are to be operated as a unit by the same management as at the MacArthur mine and with similar equipment. The costs in column (b) can be applied in this operation.

	Tons	Value
Ore reserves	1,336,342	
Zinc metal (1.587 percent)	21,208	
60 percent zinc concentrate at ($115.00 less 10 percent royalty) $103.50	35,346	$3,658,311.00
Lead metal (0.357 percent)	4,770	
80 percent lead concentrate at ($218.42 less 10 percent royalty) $196.58	5,963	1,172,206.54
Total income - -		$4,830,517.54
Cost, using column (b), 1,336,342 @ $3.62		4,837,558.04
Operating deficit - -		$ 7,040.50
Loan and interest		326,906.25
Total deficit - -		$ 333,946.75

None of these three mines is now operating. The loan of $300,000 includes the amounts necessary for pumping out the mines, cleaning-up underground, and installing underground and surface equipment to fully mechanize operations, and provide working capital until production can be carried on.

The initial daily production from the 3 mines is planned to be 1,200 rock tons and is to be hauled in company trucks to the Beck No. 3 mill, 3 miles to the southeast and in the southwest outskirts of Baxter Springs, Kansas, for custom milling.

The following figures show, that to carry on operations at a profit at these 3 mines, it would be necessary that the price of 60 percent zinc concentrates be $112.95 a ton ($125.50 less 10 percent royalty is $112.95).

Cost of 1,336,342 rock tons at $3.62	$4,837,558.04
Less income from sale of lead concentrates	1,172,206.54
	3,665,351.50
Loan with interest, 4 years	326,906.25
Total - -	$3,992,257.75
35,346 tons 60 percent concentrates at ($125.50 less 10 percent royalty) $112.95	$3,992,330.70

It is estimated that pumping out the water at these three mines and installation of equipment will require 6 months and then there would be a monthly production of approximately 800 tons of 60 percent zinc concentrates and 133 tons of 80 percent lead concentrates over the following period of 3½ years.

In view of the fact that all four of these mines are to be operated by the same management it might be suggested that one contract cover all operations, but in that case a higher price would be necessary as shown in the following table:

	Rock Tons	Tons 60 percent zinc concentrates
MacArthur	181,727	5,180
Paxson, etc.	1,336,342	35,346
Total	1,518,069	40,526

1,518,069 tons at a cost of $3.62 is - - -		$5,495,409.78
Less MacArthur lead concentrates —	$273,263.30	
Less Paxson, etc. " " - -	1,172,206.54	
		1,445,469.84
Net cost of producing zinc concentrates - -		4,049,939.94
Adding MacArthur loan and interest		63,543.50
" Paxson, etc. " " "		326,906.25
Total - - -		34,440,389.69
40,526 tons concentrates at $109.575 ($121.75 less 10 percent royalty) - - -		34,440,636.50

The applicant of Docket DMA-11-11a is the MacArthur Mining Company, Baxter Springs, Kansas, J. W. Hoffman, President.

All the properties are located within 4 miles west of Baxter Springs, Kansas, on Route 166, and are easily accessible through improved side roads.

The combined monthly production of 1,300 tons of 60 percent zinc concentrates can be added to a much-needed zinc metal supply.

The application of the mechanical equipment which would be installed has been demonstrated to be not only feasible, but has reduced costs materially in other operations in the district where these changes have been made.

The MacArthur Company has tentatively arranged for the necessary equipment, and is investigating the possibility of getting the necessary finances.

As shown on page 5, a contract price for 60 percent zinc concentrates would have to be $121.75 for the operations to be paid for and the loan retired by the end of the 4 years, when the indicated reserves would have all been mined. A fair profit to the operator should be considered, and at 10 cents a rock ton, $151,807 would need to be added, which would be $3.75 a ton of concentrates added to $121.75, or $125.50 a ton of 60 percent zinc concentrates.

If no additional reserves were developed during this operating period and mining discontinued, there would be a salvage value of possibly $48,193 which added to the above profit would make a total of $200,000.

In addition to installing 3 units of pumping equipment, and the necessary surface hoists, derricks and hoppers, air compressors and housing, the underground equipment will include jumbo drilling machines, mechanical loaders, tractors and trailers for hauling, and hoppers and loading arrangements at the bottom of the shafts, together with the smaller items of cans, drill steel, air and water lines, and accessories.

In addition to 1,518,069 tons of indicated reserves, geological indications are, and it is fully expected that further development will add reserves enough to extend the operations beyond the 4-year period, and a continued production maintained for some time, under market conditions as indicated at present.

SWALLEY MINE

It is estimated that the grade of the ore reserves at the Paxson, Swalley and Stoskopf mines, set up as a group, is not sufficient to permit of profitable operation at the current price of $115 a ton for 60 percent zinc concentrate. Nor can these three mines combined with the MacArthur mine show a profit. However, if the Swalley mine were operated separately we could expect the following results:

	Rock tons	Value
Ore reserves	424,779	
Zinc metal (2.092 percent recoverable)	8,886	
60 percent zinc concentrate at ($115.00 less 10 percent royalty) $103.50	14,810	$1,532,835.00
Lead metal (0.174 percent recoverable)	739	
80 percent lead concentrate at ($218.42 less 10 percent royalty) $196.58	924	181,639.92
Total income - -		$1,714,474.92
Cost, using column (b), 424,779 tons @ $3.62		1,537,699.98
Operating profit - -		$ 176,774.94
Loan and interest		132,000.00
		$ 44,774.94

In draining the Swalley mine the water at the Paxson and Stoskopf mines would have to be pumped, so the three pumps originally considered would be necessary, and these with the surface and the underground mechanized equipment originally planned for the Swalley mine would be used. It is estimated that it would require 6 months to dewater the mine, and mining 700 rock tons a day, 600 tons of 60 percent zinc concentrates and 40 tons of 80 percent lead concentrates could be produced each month for a period of 2 years.

The calculation of the operations at the MacArthur mine indicate that a loan of $60,000 with interest at 5 percent could be retired over a period of 2 years, and with a guarantee of $115 a ton for 60 percent zinc concentrates, this loan is recommended.

At the Swalley mine it is estimated that a loan of $120,000 with interest at 5 percent could be retired over a period of 2½ years, and with a guarantee of $115 a ton for 60 percent zinc concentrates, this loan is recommended.

COMBINED OPERATION OF MACARTHUR AND SWALLEY MINES

If it seemed advisable to operate the MacArthur and the Swalley mines together, we could expect the following results:

		60% Zn	Value	80% Pb	Value
Ore reserves - MacArthur	181,727	5,180	$536,130.00	1,385	$273,263.30
Swalley	424,779	14,810	1,532,835.00	924	181,639.92
Total -	606,506	19,990	2,068,965.00	2,309	454,903.22

Income - Zn Concentrates - -		$2,068,965.00	
Income - Pb Concentrates - -		454,903.22	
Total income - -		$2,523,868.22	$2,523,868.22
Cost 606,506 rock tons at $3.62 - -		$2,195,551.72	
MacArthur loan & interest -	$63,543.50		
Swalley loan & interest -	132,000.00		
		195,543.50	
			$2,391,095.22
Total profit - -			132,773.00

Estimates of the combined operation of the MacArthur and Swalley mines indicate that not only could the combined loans be retired, but a profit of approximately 22 cents a rock ton mined could be realized.

SUMMARY AND RECOMMENDATION

This analysis shows that the scheme originally proposed by Mr. Hoffman cannot be recommended for approval. However, a revised plan is presented that is believed to be workable at a profit. Approval of the revised plan herein presented is recommended involving two loans (1) $60,000 for the MacArthur, and (2) $120,000 for the Smalley.

Edwin T. Perkins

Edwin T. Perkins

David Gallagher

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

March 21, 1951

Re: Docket DMA-11

Mr. J. W. Hoffman, President
MacArthur Mining Company
Baxter Springs, Kansas

Dear Mr. Hoffman:

Your application (Docket DMA-11) for a Government loan under the provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration. Before final decision can be taken on your request, it will be necessary to obrain additional information on your property. Your application, therefore, has been referred to the field office, Mr. David Gallagher, U. S. Geological Survey, P. O. Box 431, Joplin, Missouri, with the request that the needed information be supplied to us.

Very truly yours,

Tom Lyon, Director
Supply Division

2 copies to Executive Officer
Regional Field Team, Region VI

MAR 29 1951

DG

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

Postmarked Washington Mar. 27, 1951

March 16, 1951

Memorandum

To: Executive Officer Field Team, Region VI
Through: Coordinating Committee and Director, Supply Division

From: Lead-Zinc Branch, D. M. A. Re: Docket DMA-11

Subject: Application of
MacArthur Mining Company
J. W. Hoffman, President
Baxter Springs, Kansas

The MacArthur Mining Company application, as submitted by J. W. Hoffman, President, for two loans under the Defense Production Act of 1950, has been reviewed by the Lead-Zinc Branch.

The review indicates that further investigation by the field team is necessary before final action can be taken. Some of the important phases of the application needing clarification are as follows:

1. Complete investigation of the ore reserves for both properties. If the reserves are found to be inadequate for the proposed investment, further investigation of the application will not be necessary.

2. In the event that the ore reserves are adequate, it will then be necessary that a complete investigation of the application be made. Particular emphasis should be placed on mining costs, pumping costs and milling facilities, ~~and financial structure of the applicant company.~~

3. The investigation should be made with the idea in mind that if a purchase contract is granted the document will be used as collateral in obtaining a V-type loan from a local bank. Therefore, if a favorable recommendation is made, the tonnage of concentrates to be delivered per year under the contract should be specifically stated.

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

Approved:
DMA Coordinating Committee

Tom Lyon
Chairman

Rowell B. Moon
L. B. Moon

Olaf N. Rove
Olaf N. Rove

Olaf: 205

man-homes

forms

Cafehart

news?

Sample contract.

~~Roberts~~

~~Silas Dymott~~

Swalley A
Swalley B
Stoskopf
Paxson
McArthur

} done

Requ. by Brokaw by phon Mar. 7.
sent DC (Brokaw) Mar. 15

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

March 16, 1951

Hon. Ernest MacFarland
United States Senate
Washington 25, D. C.

My dear Senator MacFarland:

In reply to your letter dated March 9 requesting information concerning questions referred to in the letter you received from J. W. Hoffman, President, MacArthur Mining Company, Inc., dated February 13, there are enclosed copies of our letters dated March 8 and 9 to Mr. Hoffman on the same matters. I believe that we have furnished Mr. Hoffman with the information he desired. His applications are now under field investigation.

In case I can be of further assistance to you at any time, please feel free to call upon me.

Sincerely yours,
JAMES BOYD

Administrator

Enclosure - 2

OHERRES:ks

cc: Administrator
Deputy Administrator
Mr. Strobel
Mr. Moon
Mr. McKnight
Mr. Mote
Mr. Herres
2 copies to Exec. Officer Field Team
Region VI Mr. David Gallagher
USGS P. O. Box 431, Joplin, Mo.
Files

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

March 8, 1951

DMA 11, 11A and 408

Mr. J. W. Hoffman, President
MacArthur Mining Company, Inc.
Box 356
Baxter Springs, Kansas

Dear Mr. Hoffman:

I have your letter of March 1 and also a letter of the same date addressed to Mr. Williston which has been referred to me for reply. Mr. Williston has left Washington and returned to his home in California.

I believe that we went over the matters mentioned in your letters thoroughly during your visits to my office yesterday and the day before. The Garrett lease application, DMA 408, as you know, has been referred to the field for further information. The Paxson Mines application, DMA 11, also is receiving field consideration and it is our understanding that either you or your engineers were to confer with the Government engineers concerning the project upon your return home.

It is our understanding from your conference with the Lead-Zinc Branch this week that you now desire 3 year procurement contracts for the zinc production of Paxson Mines and MacArthur Mining Company at mill settlements for concentrates based on the present market price of 17½ cents.

As we informed you, your applications will receive prompt consideration as soon as the field reports are received provided the information will support the action we discussed.

With kindest regards.

Yours very truly,

OTTO HERRES

OTTO HERRES Chief
Lead-Zinc Branch

O HERRES:ks

Aa: Administrator
Deputy Administrator
Mr. Strobel
Mr. Mote
Mr. McKnight
Mr. Herres
2 copies to Executive Officer Field Team Region VI
Mr. David Gallagher, P.O.Box 431, Joplin, Mo.
Files

SWALLEY "B" 80 acres.

E½ SE¼

A	69,655	1.409	0.174	981	121
B	66,510	1.234	0.174	820	115
C	12,744	0.409	0.652	52	83
TOTAL	148,909	AVG. 1.24		1853	319
TOTAL	1,336,342	1.587	0.357	21,215	4,784

TAILING

Recovered —

macAroha — 2.0166 0.777

85 80

100830 61160

161328

1,714170

STOSKOPF (80 acres)
W½ SW¼ Sec. 33, T34S, R24E, Cherokee Co., Kans.

BLOCK	Available Rock Tons	% Zn	% Pb	Tons Zn	Tons Pb
A	39,632	0.275	1.252	108	496
B	136,842	1.168	0.348	1598	476
CLEANUP	16,176	1.678	0.357	271	57
TOTAL	192,650	Avg. 1.03		1977	1029
	PAXSON		80 acres		
	E½ SW¼				
A	97,200	1.181	0.669	1147	650
B	117,694	1.477	0.774	1738	910
C	49,374	0.940	1.217	464	600
D	102,600	1.732	0.183	1777	187
E	41,026	1.450	0.174	594	71
F	67,774	2.047	0.174	1387	117
CLEANUP	94,336	1.477	0.174	1393	164
TOTAL	570,004	Avg. 1.49		8500	2699
	SWALLEY "A"		80 acres		
	W½ SE¼				
A	122,908	1.604	0.174	1971	213
B	254,016	2.315	0.174	5880	441
C	47,855	2.161	0.174	1034	83
TOTAL	424,779	Avg. 2.09		8885 8886	737 739

MAR 15 1951

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

March 9, 1951

Mr. J. W. Hoffmann, President
MacArthur Mining Company, Inc.
P. O. Box 356
Baxter Springs, Kansas

Re: Docket DMA-11, 11-A

Dear Mr. Hoffmann:

In reply to your letter of February 13, regarding any new developments in the types of Government assistance available to mine operators under the Defense Production Act of 1950:

At the present time Federal aid to expand productive capacity and supply of strategic and critical minerals, as provided in the Defense Production Act of 1950, is available in the following forms: (1) Purchase contracts made by the General Services Administration on projects certified by the Defense Minerals Administration. (2) Accelerated amortization of equipment allowed under the tax laws to operators having certificates of necessity issued by the National Security Resources Board. (3) Encouragement of exploration and development.

A program for encouragement of explorations and development has recently been announced to the public and you no doubt have heard about it by this time. For your information, however, I am enclosing a copy of a press release giving the general details of the program. New questionnaires for requesting assistance in exploration and development will be available for distribution soon. If you are interested in this form of aid, I suggest you obtain the necessary schedules from the Joplin, Missour field office of DMA when they become available.

As outlined above, one of the means of assistance under the Defense Minerals Administration's zinc program is through purchase contracts for zinc produced. These contracts are made with a floor at the current market price of 17½ cents for the contained metal. No higher price is being offered at present for it appears that the needs for National Defense can be supplied at this price, and the Defense Production Act authorizes us to pay above market prices only when materials cannot be secured elsewhere at prices more favorable to the Government.

You are no doubt aware, in view of the foregoing information and our recent discussions, that the situation with respect to Government aid has changed very little since our conversations of early February.

Very truly yours,

OTTO HERRES

OTTO HERRES, Chief
Lead-Zinc Branch, DMA

Enclosure 1

2 copies to field office, Region VI
Mr. David Gallagher -- and -- Mr. L. T. McElvenny
P. O. Box 431, Joplin, Mo.

D Knight
D Palmer
NS Ashley
D Dixon
D Simpson
FR Kjarsgaard
Bennett
FR Sullivan
NS Rothamberger

Phone from Wed. Mar. 7, 1951

Brokaw

Kroskopf & McArthur applications
↳ wanted loan & operation on contract — rejected.
$300,000 loan involved — reserves questionable
Hoffman will leave Washington Mar. 7 @ 5:00 pm for Joplin
will be expecting us to

(1) S½ Sec 33 T34S, R24E. Swalley A, B, & C (3 groups).
Kroskopf
Paxton
Stewart calc. 7,220,000 Tons rock @ 2.4% ZnS
(recov.?) — Stewart used an experience factor using
1150 Tons ZnS/acre + 160 Tons PbS/acre.
McArthur, S½ of SE¼ sec. 31 T34S, R24E and part
of NE¼ sec. 6 T35S R24E — check on reserves.
#4 Shaft (1949) & on SW end of mine is another or
block. Loan requested ± $60,000.

Did file with Baichta

tr. Bai → McElv Sept. 25 says material delivered by Hoffman (on various properties) (Badger, Deep Rock, Consolid. M., McArthur, Quick ?) (all sent to McElv)

all sent on Nov. 13 except McArthur on Sept. 25)

tr. filed McA in BM dep. on Sept. 18th.

McArthur Mining Co., J. W. Hoffman 4:00 pm. Monday Feb 5.

424779
2094
1699116
3823911
849558
889496826688646666

424779
2092
849558
3823911
849558
148810

424,779
0.174
1699116
2973453
424779
739,154810
0.24
183,283.00
739

14810
103.50
740500
44430
1,532,835.00

196,58
920
393160
176922
180,653,60

424,779(606
4200
4779 2w

424779
362
849558
2548674
1274337
1,537,699.98

Quality A

Ore matrix	424,779		1,537,699.98
Zinc metal. (2092)	888.6		
60 percent zinc conc	14,810	@ 103.50	1,532,835.00
Lead metal (0.174)	739		
80% lead conc	924	@ 196.58	181,639.92
			1,714,474.92

Cost	424,779 @ 3.62	1,537,699.98	
Loan —		120,000.00	
Out cost 5% 2 years —		12,000.00	1,669,699.98
		1,669,699.98	447,999.94

50
196,58
924
78632
39316
176922
181,639,92

Coculmet —

181.727
1,336.342

1,518,069
3,62

3036,38
9108414
45542079

5,495,309.78
1,445.469.84

4,049939.94
63,543.50
326,906.25

40526 | 4440389.69 | 109.57
40526
387789
364734
230556
202630
279269

121.73
12.17
1109.53

121.75
12.175
109.575

60 ft gin Cane
5180
35.346

40,526

6,57,851.74
4,837,558.04

5,495,409.78

Lad Cane · Value
273,263.30
1,172,206.54

1,445,469.84

333.946.75
87.998.06

421,944.81

109575
40526
657450
21915.0
547875
438300

4440636,450
40526
3,75
202630
283682
121578

151,97250

monthly production
500 100
800 133

1300 233

1,518,069 Rock tons @ 10¢ = 151.807

40,526) 151,807.0 | 3.75
121578
302290
283682
186080

Paxxon -

1,336,342
1587
9354394
10690736
6681710
1336342
21,207,74754
35346
1035
176730
106038
35346
3,658,311,00

115.-
1035

1,336,342
.0357
9354394
6681710
4009026
47703409 4
5963
19658
5963
58974
117948
176922
98290
11722065 4
3658311 00
4830,517,50

218,42
218,42
195578

1,336,342
362
2672684
8018052
4009026
4837558 04
4830517,50
7040,54

300,000
.05
15,000,00 1 year
7,500 00 - 6 mo

307,500,0
.0825
1537500
2152500
2460000
4690625 00
300000
3690625
3,665,351,50

35346 | 39922577,75
35346
45766
35346
104797
70692
335057
31814
169435

3 1/2 years
3.5
.05
1,75
.875

1255
125.5
1129.5

112,95
125,50

35346
1129.5
176730
31814
70692
35346
35346
3992330,70

② MacArthur.

T- 99,000	3.9 / 1.3	3m 2.60	2574,000	0065 Lead / 0013 0052	5148.0
II. 63728	162 / 54	1.08	688,2624	1613 / 32 1.31	834,8368.
B. 8856		1.59	140,804	0.34	30.1104
C 10.143		2.58	261.6894	0.34	34.48.62
181,727		2.0166	3664,7622		1414.2334
					0.777

.0260
99000
2340000
2340
5740

.0052
99000
468000
468
514,8000

63728
108
509824
63728
686,7624

63728
.0131
63728
191184
63728
834,8368

8856
1.59
79704
44280
8856
140,81.04

8.856
0.34
35424
26568
30.1104

10.143
2.58
81144
50715
20286
261.6894

10.143
3.4
40572
30429
34.48.62

181,727) 3664,7622 (20166
363454
302222
181727
120495
109036
11458

1414.2334 (.777
1272089
1821444
1272089
1493550

181,727
.121
181727
1272089
181727
3107,5317
5180
1062
10360
81080
5180
550,1600
273,263.30
823339.30

181,727
.61
181727
1090362
110,883347
1385
19658
1385
98290
167264
58974
19658
273,263,30

115
115
1035
5180
1035
59000
15540
5180
536,130,0
273,263.30
809393,30

181,727
362
363454
1090362
545181
65785174

60,000
5
3000 12 mo
1000 4 mo.

61000
.05
12/30500,00 1 year
24
65
60
50
30
14

(25435
61000
63544

1587
357
1944

Ore Tons	Zn metal Tons
1,336,342	21,215

	Tons		@	Dollars.
Ore reserve	1,336,342			
Zn metal 1587	21,215	21,208		
ZnS conc. 60%	35,351	35,346	$115/Ton	$4,065,365
Pb metal	4,784	4770		
PbS conc. 80%	5980	5963	$218.42/Ton	1,306,151
				5,371,516
Costs	1,336,342		$3.50/Ton	4,677,197
Profit				694,319

$4.02/Ton

1,336,342) 5,371,516

1,336,342) 694,319 ,52

12
30,000
360,000
3.5
180
108
1,260,000

3.5
360,000
210
105
1260000

360,000
3
1080,000
180
1,260,000

Swalley mine

It is estimated that the grade of the ore reserves of the Paxson, Swalley and Starkopf mines set up as a group, is not sufficient to permit of profitable operation at the current price of $115 a ton for 60 percent zinc concentrate. Nor can these three mines combined, in operation with the MacArthur mine show a profit. However, if the Swalley mine were operated separately we could expect the following results.

(9)

SWALLEN MINE.

The Parson, Swallen and Stockoff mines set upon a group cannot be operated profitably at the current price of $115 a ton for zinc concentrates. Now even these three combined in operation with the Matchless show profit. However, if the Swallen were operated separately we could expect the following results:

	Rock tons.		value
Ore reserves		424,779	
Zinc metal (2.092 percent recoverable)		8856	
60 percent zinc concentrate at			
(115.00 less 10 percent recoverable)	109.50	14810	$1,532,835.00
Lead metal (0.174 percent recoverable)		739	
80 percent lead concentrate at			
(218.42 less 10 percent royalty)	196.58	924	181,639.92
Total income			1,714,474.92
Cost, mining column (b) 424,779 tons at $3.64			1,537,699.98
operating profit.			176,774.94
Less loan — 120,000			
" Sinking fund — 12,000			132,000.00
Profit			$ 44,774.94

606.506
362

121,302
3639036
1819518
2,195,551,92

657,851,74
1,537,699,98

2,195,551,72

809,393,30
1,714,474,42

2,523,568,72

87,998,06
44,774,94

132,773,00

~~Operated independently, it is estimated that it would still be necessary to install 3 units of pumping equipment, but there would not need to be as much surface nor underground equipment~~

In this operation it is considered that the same pumps (all three), the surface and the underground mechanized equipment originally planned for the Sudbury mine would be used. It is estimated that it would require 6 months to develop the mine, and then mining 700 tons a day 600 tons of 60 percent zinc ore and 100 tons of 60 percent lead ore could be produced each month for a period of 2 years.

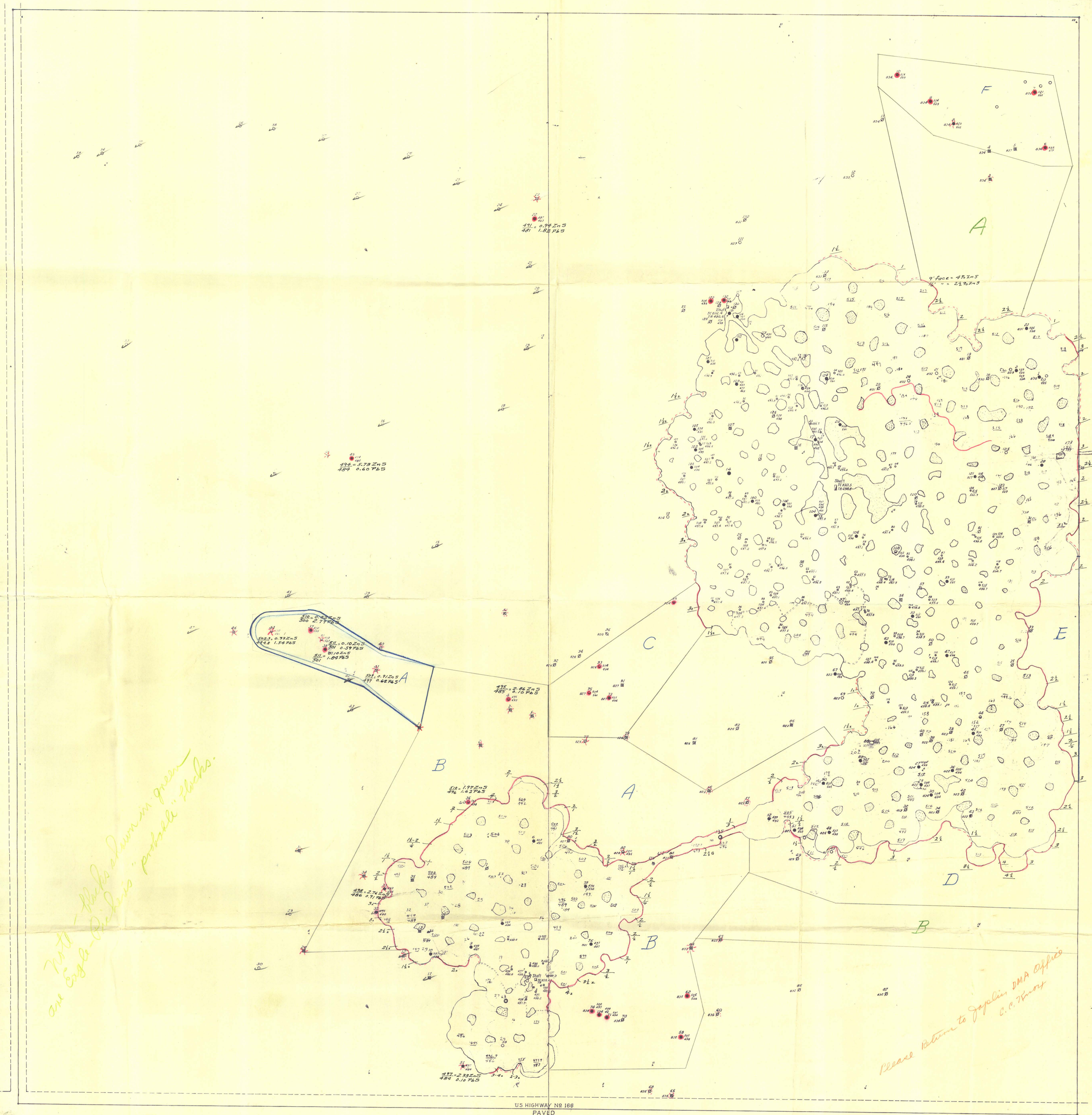
~~Operating independently, it is estimated that it would require 6 months to develop the Swalley mine, and then mining 200 net tons a day, 600 tons of 60 percent zinc concentrates and 40 tons of 80 percent lead concentrates could be produced each month for a period of 2 years.~~

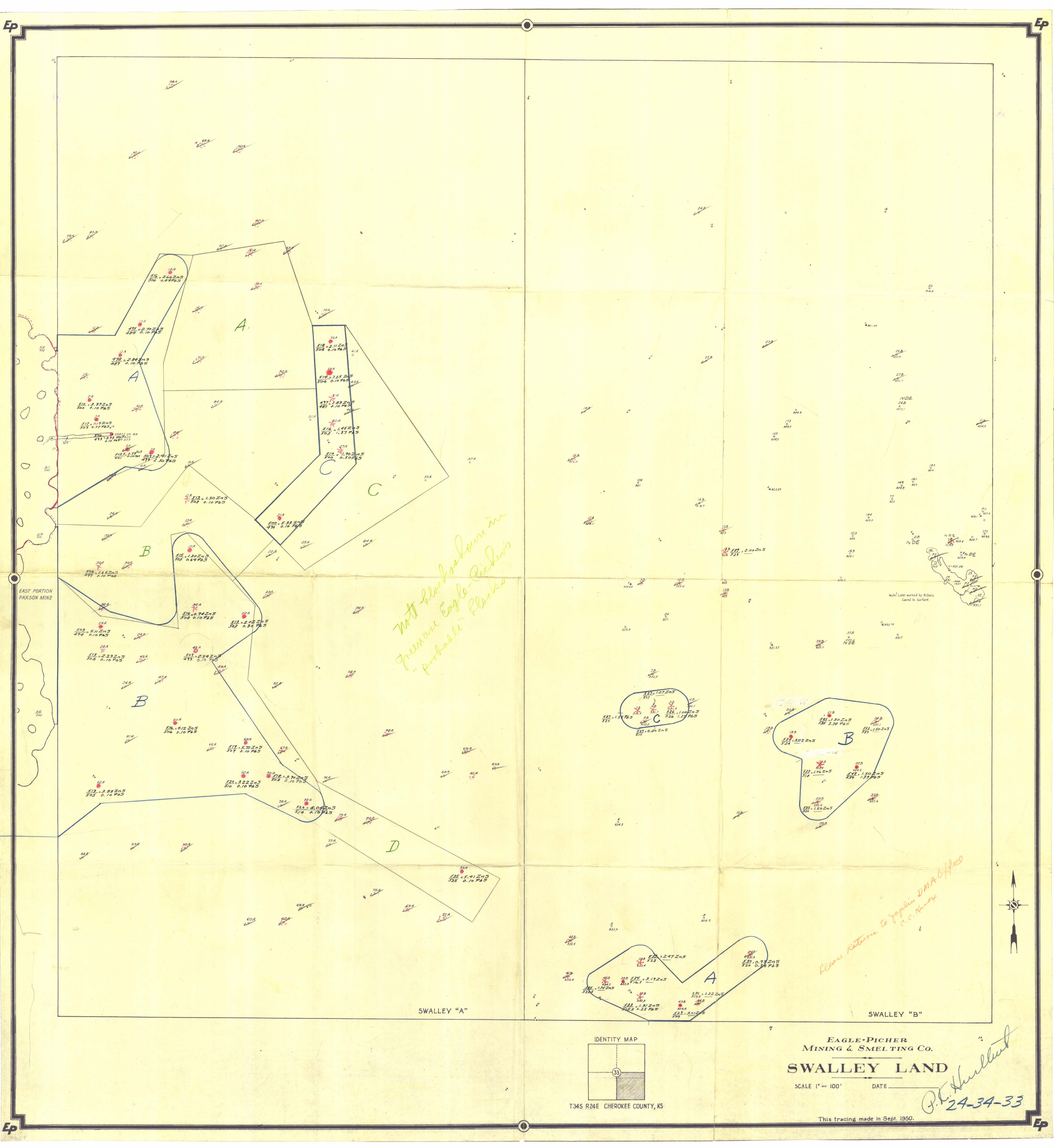
The Calculations of the Operations at the MacArthur mine indicate that a loan of $60,000 with 5% interest could be retired over a period of two years, and this loan is recommended with a guarantee of $15 a ton of zinc concentrates.

At the Swalley mine it is estimated that a loan of $120,000 with interest at 5 percent could be retired over a period of 2½ years, and with a guarantee of $15 a ton of zinc concentrates this loan is recommended.

If it seemed advisable to make a combined operation of the MacArthur and the Swalley mines one could expect the following results.

Pumps - 26,000
2 Shovels 25,000
2 Trucks 14,000
2 [illegible] 10,000
1 Hopper 5,000
1 Hoist 12,000
1 Compr 4,600
Ins. 16,700
103900
Duration 17230
119130
120,000
12
132,000
1537,699
1669699


F
A
E
C
B
A
B
D
B
Shaft
TC 832.2
TD 828.0
Shaft
TC 830.5
TD 828.5
Shaft
TC 832.4
TD 830.6
9' face = 4% ZnS
" " = 2½% ZnS
471 = 0.94 ZnS
481 1.82 PbS
494 = 5.73 ZnS
484 0.60 PbS
510 = 0.62 ZnS
500 2.79 PbS
502 = 0.33 ZnS
499.8 1.54 PbS
511 = 0.10 ZnS
501 0.54 PbS
511 0.10 ZnS
501 1.84 PbS
502 = 0.91 ZnS
497 0.62 PbS
495 = 2.96 ZnS
485 0.70 PbS
510 = 1.97 ZnS
496 1.62 PbS
478 = 2.76 ZnS
486 0.91 PbS
497 = 2.33 ZnS
484 0.10 PbS
Not - blocks shown in green are Eagle-Pichers "probable" blocks.
Please Return to Joplin DMA Office
C. C. Thorp
US HIGHWAY Nº 166
PAVED
IDENTITY MAP
33
Stos-Koph
Paxson
T34S., R24E., CHEROKEE CO., KAN.
EAGLE-PICHER MINING & SMELTING CO.
PAXSON MINE
Scale 1" = 100'
Date 6-30-44
P.K. Hurlbut
24-34-33
Tracing made December 8, 1944.
TRIM LINE


EAST PORTION
PAXSON MINE
A
B
C
D
SWALLEY "A"
SWALLEY "B"
NDE
Note! Later worked by Bilharz
Caved to Surface.
Not blocks shown in
"Greenacre Eagle-Picher's
"Probable" Blocks
Please Return to Joplin DMA Office
C.C. Kinney
IDENTITY MAP
33
T34S R24E CHEROKEE COUNTY, KS
EAGLE-PICHER
MINING & SMELTING CO.
SWALLEY LAND
SCALE 1" = 100'
DATE
This tracing made in Sept. 1950.
P.C. Hurlbut
24-34-33