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**To Hell (Canyon) and Back**

**A Monday Morning Musing from Mickey the Mercenary Geologist**

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I told you about my ex-geo friend Tim Tessendorf about a month ago. Tim still likes to keep a hand in the geology game although he hasn't practiced the profession in over 20 years. He collects minerals, gives an occasional talk to the local gem and mineral club, and is always up for a Sunday morning field trip to one of the numerous old mines that are a one or two hour drive from my South Valley adobe abode. A week ago yesterday, on another "Sunday-off", Tim and I went to Hell, *Hell Canyon* that is.

*Mina Nuestra Senora de los Milagros* (Our Lady of the Miracles Mine in the Hell Canyon district!) is a past-producing gold mine that I first evaluated in 1980. It's located on the range front of the Manzano Mountains southeast of Albuquerque and is a quick and easy 45 minute drive from my office.

The Milagros mine, as it is commonly called, has an interesting history. It had minor production in the 1880's, early 1900's, and mid-1970's. Claims immediately to the south and on the same shear zone were the site of a platinum scam in the late 1950's: One of those "only our special technique can assay for it" sort of sucker scams at the hands of shyster promoters that greedy investors and some newsletter writers still fall for.

On those particular southern claims, assays were invented, shares were sold, a mill was constructed, a shaft was sunk, earth was moved, rock was crushed, but no platinum was produced. There is no platinum there, never has been. The only thing mined during this scam was investors' pockets. Hopefully they had deep pockets. Remember what Samuel Clemens said about his days in Virginia City, Nevada during the Comstock Lode rush: "A mine is a hole in the ground with a liar standing beside it." *Este es verdad.*

The southwest USA has always been rife with these "desert dirt" scams during times of robust precious metals prices. Do you remember Delgratia Ventures in the mid '90's and the non-technical newsletter writers that got sucked into that? That particular promotion was immediately recognized as a scam by any and all geologists who had ever worked in the southern deserts. That's why I would encourage you to follow stock picks by newsletter writers and analysts who have geology or engineering degrees and years of experience or have retained a geologist or engineer with the requisite experience to vet their picks. I'm one of those analysts and writers and there are only three or four others that come to mind.

Here's a picture of the still standing "platinum mill"; CDO painted on the building facade stands for *Cerro de Oro* (Hill of Gold). Alas, there is no platinum but there is lots of visible gold (VG) in the Milagros vein 600 meters to the north.



**The infamous Cerro de Oro Mill has never produced an ounce of platinum or gold.**

Enough of that debacle, let's talk about a real mineral deposit: The Milagros Mine was the very first open pit, heap leach gold-silver mine developed by a public company listed on the Vancouver Stock Exchange. By today's standards, it was a piddling operation. But it was a producing mine and was evidently a commercial success. From mid-1975 to mid-1976, Canorex Development, Ltd. mined and produced from the hill side open cut shown below. According to an article in the Northern Miner (September 18, 1975), development costs were \$150,000. Total production was later reported at 2348 ounces gold and 3333 ounces silver with a net smelter return of about \$339,000. It sounds like a successful operation but I don't know if shareholders profited or the principals and promoters simply "mined the stock market" as is so common in our business.

I have extensive files on Milagros and the Hell Canyon district including reports dating as far back as 1894 and from economic geology luminaries such as Forbes Rickard in 1905 and Harrison Schmitt in 1934. I have mapped it twice at different scales, sampled a zone 37 m wide averaging 0.08 opt Au that has never seen a drill hole, published two technical papers on the district and the shear zone, and presented talks at Society of Economic Geologists and Northwest Mining Association meetings.

While gainfully employed in the early years of my career, I twice tried to get Santa Fe Pacific Mining to lease the 11 patented claims in Hell Canyon. In spring 1987, the VP-Exploration, who I affectionately called the "Sage of Sours" (for those who don't know, a play on his surname), declined this and two other alkali intrusive-associated gold properties of merit that I had ferreted out, worked on, and recommended. I basically told him into which part of Hell he should go. Scant months later, I was out the door with a



measly two weeks severance in hand and unemployment check waiting. I was destined to have neither a W-2 nor work a real job since.

It was the best thing I've ever (intentionally or unintentionally??) done to further my career: I landed my first mapping job as a Mercenary Geologist less than 24 hours later. I suppose I might consider thanking the aforementioned Hell-raising, screaming and yelling, tearing your maps off the wall Vice President for firing me but we have not spoken since that Hellacious day nearly 21 years ago.

What the Hell am I thinking? To Hell with that touchy-feely wuss notion! That's not me. I'm the tough-nutted Mercenary Geologist.



**Milagros open cut: Remnants of the gold-silver, vuggy quartz-iron oxide vein are exposed on the high wall and in the left-center of the photo.**

My Hell Canyon story, however, does not end there. I always try to maintain good relations with property owners. I kept in touch and continued to call and visit and express interest in their prospects. I hold mining claims myself so I know how it works. What was an “ugly betty” yesterday might become a beauty queen tomorrow. *Quien sabe?* Did you ever have a notion in 1986 that the domestic uranium industry would come back with a vengeance in 2006?

In late 1988, I took my data and extensive files on Hell Canyon to a small Canadian junior with offices in Santa Fe, New Mexico. I toured their CEO-geologist around the two contiguous properties, Milagros and Cerro de Oro. He liked my interpretation, drill target concept, and possibilities for veins similar to the Milagros to occur at depth and to the south. We signed a finder’s fee agreement and they guaranteed me right of first refusal on all geological work prior to a development decision.

In 1989 the company acquired an option on the Milagros claim with the underlying landowner. I mapped the claim in detail; we took more samples; we did an IP/R survey; we toured potential JV partners and at the end of each field trip, we grilled brats and beer on the tailgate of my truck and watched them find the abundant pretty little bright yellow pinhead-size visible gold grains in our high grade quartz vein stockpile.

But alas, by 1990 the company’s flagship, a small gold telluride mine in Montana was failing badly. They defaulted on the Milagros mining lease. Bills could not be paid including my modest finder’s fee and my consulting fees. Another year passed and I was paid a portion of what was owed and finally was given their office computer and copy machine to settle the remaining debt. Everything went to Hell in a hand basket. The company went bankrupt. The CEO drank. There were no Miracles in Hell Canyon.

I finally gave up on Hell Canyon in the mid 1990’s because I could never make a deal on the other ten claims. The Cerro de Oro owner was convinced there was platinum in the veins or the greenstone wall rock or somewhere on his claims but for sure there was a platinum mine and by god he was going to find it. After all, he had a “special assay technique” that showed high platinum and palladium values in his samples. Despite this flaw, I always got on well with him; he was an old-timey prospector-promoter. Dubbed the “Uranium King” for his successes in the 1950’s Wyoming Basin plays, he didn’t need the money and was more interested in proving up a platinum deposit than leasing his claims for gold exploration.

Hell Canyon never worked out but as an economic geologist, I must be an eternal optimist. Hells Bells, the next outcrop is going to be a bonanza; this next hole is drilling the humongous discovery; that next deal is going to make me filthy rich. How else can you succeed in this business unless you are always a glass-half-full sort of guy?

Now I go to back to Hell Canyon only to show students or laymen what an economic geologist actually does, one of those, “A day in the life of...” sort of tours or maybe to find some visible gold for my friends. In 1990, I took my dad there and he found a piece of quartz with VG. It made his day and he still proudly shows this specimen to all his fishing and antique auction buddies.

Sunday was a lovely spring day in the high desert, all sunshine, clear blue skies, and no wind. Check out the bluest of blue skies from the old Milagros leach pad: That’s Mt. Taylor on the left skyline, more than 120 kilometers away. I took Tim there and we found some VG. Everyone finds VG at the Miracle Mine.





**Milagros mine leach pad with backhoe sample pits from 1990. Note Mt. Taylor on the left horizon.**

Finding a little of that gorgeous yellow metal is always the best way to get me out of any Hellish funk and stay upbeat about this crazy and sometimes frustrating business. I got fired up again yesterday. I'm raring to go to the market this morn with a new out-of-the-box idea. I'll call the broker before market open, run it past him. Expect a phone call as soon as I get this posted, Murray.

All that glitters (in both sun and shadow) is GOLD. It is the simply the most beautiful inanimate object on the face of the Earth. I am a gold bull. I will always have gold fever. And I will always own gold.

I urge all you savvy investors to have at least 10% of your net assets in physical precious metals whether gold, silver, platinum, or one of the other noble metals. Take personal possession of these metals, store them in your basement, crawl space, lockbox, gun safe, bury them in the backyard or stash them in your backwoods hideaway if like me, you are willing to go Mercenary. Buy them regardless of the price, just as you contribute regularly to your IRA or RSP or 401K. Never sell them; hold for you and yours. Gold is your only financial insurance against whatever Hell may come down in your and your progeny's time on Earth.

Never forget the Golden Rule: He who has the gold makes the rules.

Gold is Money.

Ciao for now,

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Mercenary Geologist



The [Mercenary Geologist Michael S. “Mickey” Fulp](#) is a Certified Professional [Geologist](#) with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 30 years experience as an exploration geologist searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey has worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for the past 22 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey’s professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known throughout the mining and exploration community due to his ongoing work as an analyst, newsletter writer, and speaker.

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