Dec. 21, 1935.

Mr. H. Stein
454 Montgomery St.
San Francisco, Calif.

Dear Sir:

Your letter received today containing a short statement about a placer in the outskirts of Oroville. Will you kindly send me a sketch showing these tracts and the depths and areas of each and position with reference to the ground worked out by the dredges. If this ground can not be worked with a small sectionalized hull standard dredge please explain why. Please explain fully how the estimate of 50 cents per cubic yard was obtained. Any and all other pertinent information would be useful as my people will not investigate unless there is some real favorable evidence to justify the expense. Of course the allowed time of 60 days tosample and get the plant in operation is absurdly short and would have to be made much longer.

I have looked over very carefully you letter and the Price report on the Rogue River Mines and have the following comment to make:

A sliding scale royalty is a bad thing in a contract since it causes disputes when the operators mix high and low grade in order to keep the royalty down to a lower rate. There is five mile of road to be build which will not be completed before next fall if then. When this is built the operators will have to build one mile of road or else have a very high transportation cost to get in equipment and supplies.

Assuming that the road will be built next year as planned it would take 60 days to get a camp established and a compressor and other necessary things on the ground over five miles of trail. It would take an additional six months to do 1200 ft. of drifts crosscut and raises recommendedin the report and four months more to get a mill in full operation or a year for the whole program.

The estimated cost of this program is as follows. Road $2500. Camp $1500. Cmpressor, etc $2500. 1200 feet underground work $12000. Mill and power $15000. Rental $600. First payment in six months $7500 and $10900 at starting of mill. This makes a total investment of $52,500 which divided into two parts is $33,500 on the property and $19,000 to the owners.

Assuming that the projected lower level and the other development proves that the ore goes down and is

PERSONAL
A. M. SWARTLEY

THE LOWER ROQUE RIVER MINING DISTRICT

The Lower Rogue River Mining District is that area which lies between Grants Pass, Oregon and the Coast. The district has been the most inaccessible part of the state. The area is very mountainous, the higher elevation and ridges attaining an elevation of 3560 feet while the valleys are from 250 feet to 350 feet above sea level. The contour is unusually rugged, the hillside frequently cliffs and rock slides with many of the high elevations being practically inaccessible. The means of transportation into the district has been by means of pack trains or by boats going up the Rogue River from Gold Beach which is located on the Coast. Some of the supplies for the hydraulic placer mining operations have been transported down the Roque River from Grants Pass, however this means of transportation has proven extremely hazardous and impracticable.

This lack of transportation has prevented the commercial and mining development of the area, with the exceptions of the placer mining operations along the river and side streams. These placer operations have proven very profitable. The lode deposits have remained undeveloped and much of the area not even prospected. The past two years the government has constructed many miles of roads in the district with surveys and routes contemplated that will take several years more of construction to complete. This will make the area quite accessible to the railway at Grants Pass and Glendale, as well as the coast at Gold Beach. This new means of transportation provides an outlet for the products of mining as well as reasonable rates on the supplies. With very equable climate, as well as the abundance of timber and water power, the mining conditions are as favorable as in the California mining districts. The general geology of the area is the same as in the Northern California mining areas, with similar character of veins and ore deposits. There are numerous small operations being conducted on the richer portions of the vein outcrops, the ores being treated by means of arrastras but no attempts have been made to develop the lower grade ore. There is at present much interest in prospecting and with the advance in the construction of the roads a number of the properties will be equipped for extensive mining operations.

(THE ROGUE RIVER MINES.)

This property islocated on a branch of the Rogue River three miles from the post office of Marial, Oregon. The property is reached by road to Grants Pass or Glendale which are stations on the Southern Pacific Railroad. The end of the present constructed road is five miles from the property. The surveys for next years construction come within one mile of the property. This will make transportation from the mine to the railway by road a distance of forty five miles. This road will afford cheap transportation for supplies and mine products and with the favorable climatic conditions, operations can be conducted throughout the year.

There are three lode locations in the group. The property has been worked by the present owners during the past twenty five years. The annual work has been recorded. The title is clear and there are no conflicts with other claimants.

There are no improvements, with the exception of one arrastra, and one small cabin. The development consists of several surface cuts along the outcrop of the vein, with one level driven approximately one hundred feet

along the strike of the vein and fifty feet below the outcrop.

The general rock formation consists of a series of schists, slates, and quartzites intruded with numerous porphyry dikes. The strike of the formation is approximately north and south, with a nearly vertical dip.

The vein is a quartz filled fissure cutting the rock formations. The outcrop can be traced for approximately three hundred feet, where it becomes covered with rock slides. The strike is north twenty three degrees east with a dip nearly vertical. The width of the vein over two hundred feet of the exposed outcrop is thirty inches, the remainder of the distance is approximately eighteen inches. The hanging wall is a hard silicified slate, while the footwall is the same but much fissured and brecciated.

The quartz is frequently banded structure with some oxidation but seldom indicating over one percent of sulphides. The value is gold, the higher percentage being free. The concentrates carry high gold values. Milling tests made on this ore gave a very satisfactory recovery by amalgamation and concentration. It is probable that flotation will also give very satisfactory results.

The character of the ore and wall rock permits cheap mining of clean ore Where the vein is small, the footwall can be mined by stripping the ore, which can then be taken out afterward. The waste material could be left in the stope as filling.

The outcrop, open cuts and level drift indicate there are two separate oreshoots. The one exposed on the south drift is approximately fifty feet in length with the ore showing in the heading. The ore is of excellent grade. Between this level and the outcrop the samples indicate there should be not less than 300 tons of ore that will average more than fifty dollars per ton. The vein and ore continues in the bottom of the drift as well as the heading. The outcrop above this heading is covered by slide. From this oreshoot northward along the drift as well as the heading the samples indicate rather low grade ore. However, along the outcrop of the vein, northward from a point directly above this heading, there are several open cuts which show the vein to be of good width and very satisfactory grade. From the first open cut the sample over 18 inches in width gave more than one hundred dollars per ton. This extends for approximately twenty feet where it becomes covered with slide rock. Beyond this slide rock x the cuts expose the vein averaging 30 inches in width and giving very good grade milling values.

West Fork Creek crosses the property, affording satisfactory mill site and an abundance of water for all purposes. There is a water power site on the property and several in the vicinity. From the present level to the mill site is a distance of fifteen hundred feet. A surface or two bucket aerial tram would prove satisfactory for transporting the ore from the mine to mill.

The general operating conditions are favorable. The low altitude is assurance of a very equable climate. A few inches of snow is quite unusual and freezing weather is uncommon. The serious transportation problem is being eliminated and within a short time fuel oil, gas and other supplies will be on the same basis as in other southern Oregon districts. T is an abundance of timber for all purposes, with an ample supply of wat

at all times of the year. There is no electric power available, however there are several very favorable water power sites and for smaller plants, the cost of Diesel Oil or Butane can be purchased at the terminus of the road as in other southern Oregon points.

The general geological conditions are favobable. The development work is quite limited, consisting of one hundred feet of drifting on the vein on the fifty foot level. The southern ore shoot is but partly developed and the north heading has not been advanced to the north oreshoot. The character of the vein and oreshoot on this level indicate permamency. The property will not develop into a large operation but should be productive of a considerable tonnage of very profitable ore.

The tests that have been mad on the ore give ample assurance that a very satisfactory recovery of the gold values can be secured by simple milling methods. The total cost of mining and milling of the ore should not exceed five dollars per ton.

The method of development should be the sinking of a shaft near the south end of the present level. This will determine the permamency and value of the oreshoot exposed on this level, to the depth of the shaft. This shaft should not exceed seven tyfive feet in depth. A new level can then be driven, which will require two hundred feet of crosscut to give one hundred feet below the present level. This new level will give one hundred fifty feet of backs on the south oreshoot and two hundred and fifty feet of backs on the north ore shoot. With the development of the two ore shoots on this new level,the installation of a milling plant with minimum capacity of thirty tons per day wouldbe fully warranted.

This prject has real merit. The capital to complete the development is quite modest and there is every assurance of very profitable returns for several years of operation.

(Signed) John M. Price.

Jacksonville, Oregon.
November 15th, 1935.

ROBERT E. STRAHORN, PRESIDENT
JOHN C. STANTON, SECRETARY-TREASURER

PACIFIC STATES MINES, Inc.

MINE AND MILL OFFICE,
JACKSONVILLE, OREGON

H. G. MITCHELL, SUPERINTENDENT
P. H. MILLER, MINE FOREMAN

Jan 15th 36

Mr A.M.Swartley

Corvallis,Oregon.

Dear Sir;

Your recent letter to Mr H.Stein of San Francisco has come to my attention.

Your observations and conclusions,as outlined in this communication are well taken.Howeverthere appears to be a misconception of certain phases of the project,which I will endeavor to clear up.

The property has not the makings of a big mine--the vein is not large,however it is of very good grade ore and can be made very profitable,if handled in a small way.It is an ideal property for a couple of individuals to finance,as the investment will be small.

The outcrop of the vein can be easily traced for approximately three hundred feet,where it becomes covered with slide rock.There is no evidence it should terminate at this length, in fact,there is float ore in the slide rock for some distance either way.Within this three hundred feet of outcrop there are two shoots of ore the north chute and the south shoot.The north shoot is about 200 feet in length,averaging 30 inches in width.The southern part of this shoot,has an open cut exposing high grade ore for about 20 ft. This ore averages 18 inches wide and well over one hundred dollars in value.The remainder of the shoot is a hard quartz and outcrops on the surface.This is very good grade mill ore,and with development no doubt, have bunches of the higher grade ore.This shoot has not been intersected by the 50 foot level,accordingly nothing much can be stated with regards it continuation to depth.However there is every indication it should persist,as the other veins in the district.

The south shoot has been developed on the 50 ft level. The drift on this level is driven on the ore for fifty feet and the heading continues in the ore.The ore is very good grade--a red oxidized hematite,quite soft with small stringers of quartz through it. There is every indication that it will continue to depth as well as laterally.This averge width is approximately 18 inches and the numerous assays which we have taken average much better than $50 per ton.At this time 300 tons of this ore can be easily broken and milled without further development work.There are places where the foot wall carries fair values,however regarless of this,the ore can be very cheaply stoped,as the ore can be shot first,and placed into the chutes,then the

footwall can be plugged,and left in the stope,as filling.
The vein itself it nearly dry-altho there is a stream of about 5 gals. per minute coming from a short hanging wall crosscut.

The gold values are neraly entirely free,very little sulphides appear in panning.It will amalgamate quite freely.

It is proposed to install a 4 by three foot ball mill,with classifier and plates.A crusher of 6"by 8"of such size .One of the late type gas-diesel power units would be suitable.A short jig back tram would transport the ore to the mill at the bottom of the hill. I have been offered this equipment at a very modest price(here in Los Angeles). There is a ball mill offered us--sectionalized which would be ideal.

The trail is very good from the end of the present road.They have taken some machinery over this trail to another property,however it would be advisable not to have any piece to weigh over 800 pounds.

Outside of this transportation,the installation would be very cheap,as there is an abundance of timber and the climatic conditions are ideal---the altitude at the mill is 500 ft---and there is no snow and it seldom freezes.

This property has always been held on the following terms.- $5000 cash and $10,000 per year for three years. The cash payment has been the stumbling block to any deal.However the owner cannot be critcised to harshly as he has in excess of $150,000 of ore ready for stoping,which will average in excess of $30 per ton. However,I have secured thesfollowing terms- A total of $35,000 on the following basis-$25 per month for six months.$100 per month for six months. At the end of one year there must be a mill of not less than ten tons capacity erected.

Whenever the mill starts operation,a payment of $5000 must be made,or the returns of the milling tunrned over to the owner until such an amount is received by him.Then after this date a sum of $10,000 per year for three years.

A royalty on this ore as produced of 20% which is to be applied on the next succeeding payment.

I am sure that there is sufficient ore can be secured at this time without further development ,to pay for the equipment,i installation and the the initial payment,of $5000.

A shaft can be sunk on the high grade shoot--which will pay for itself,as it is in good ore.If this ore should continue for only one level,this shoot alone will pay for the property.This does not take into consideration the tonnage that can be secured from the north ore shoot.

The north ore shoot,has equal promise of high grade and a very satisfactory tonnage of profitable milling ore.The extent of the vein and ore shoots have not been determined,altho as before stated there is every indication they will be of considerable extent.

I do not expect anything in the way of remuneration,until the property is paid for,as well as the investment---then from the next returns of the project,I will expect an equitable share.

In th event you are further interested,I will be pleased to reply to any inquiries.

Sincerely
John M. Price

708 Lankershim Bldg
Los Angeles,Calif.