

WILLIAM B. MURRAY
ATTORNEY AND COUNSELLOR AT LAW
525 FAILING BUILDING
PORTLAND 4, OREGON
CAPITOL 6-3819

June 5, 1963

RECEIVED
JUN 5 1963

STATE DEPT. OF GEOLOGY
& MINERAL IND.

Hon. Frank J. Healy
Corporation Commissioner
301 Labor and Industries Bldg.
Salem 10, Oregon

RE: Oregon King Consolidated Mines, Inc.

Dear Mr. Healy:

From your letter of April 12, and your failure to answer our letter of May 21, it appears to us that you intend to take no action on our application, and thus persist in denying to the citizens of Oregon the right to participate in the development in what the State Department of Geology and Mineral Industries recognizes as an important mineral resource of this State.

Moreover, someone has falsely accused our company, its officers and directors of serious fraud under the Securities and Exchange Act causing that agency to terminate our offering. We were advised by the Securities and Exchange Commission, as of May 31st, of the accusation made, which is: "...that the issuer was aware as of sometime in February, 1963, that the offering would not be licensed in Oregon in the form in which the offering circular became effective (March 22, 1963)."

The correspondence with your department shows clearly that we had no knowledge in February, 1963, nor any knowledge prior to March 22, 1963, of your intention to unfairly impose impossible and illegal conditions to the issuance of an Oregon permit. Any statement to the contrary, that we had prior knowledge, is utterly false.


Our company does not wish to incur the expense and delay that would be necessary to establish that ORS 59.190 restricts the authority of the commissioner to require an escrow of "securities", or an escrow of "funds" to certain conditions which do not exist in this case.

June 5, 1963

Hon. Frank J. Healy
Corporation Commissioner
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Therefore, our company, its officers, directors and stockholders will yield to the forces of authority arbitrarily exercised - which we believe has been unlawfully exceeded - and request, as you have suggested, or rather commanded, a withdrawal of our application without prejudice.

Very truly yours,



William B. Murray

WBM/jb

cc - Hon. Mark O. Hatfield
Governor of Oregon

Senator Thomas R. Mahoney
Chairman, Senate Judiciary Committee

Frank C. McColloch
Chairman, Board of Governors
Department of Geology and Mineral Industries

Hollis M. Dole, Director ✓
Department of Geology and Mineral Industries

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RECEIVED
MAY 22 1963

STATE DEPT. OF GEOLOGY
& MINERAL INDS.

May 21, 1963

Hon. Frank J. Healy
Corporation Commissioner
1158 Chemeketa St. NE
Salem, Oregon

RE: Oregon King Consolidated Mines, Inc.

Dear Mr. Healy:

We cannot understand why your department insists upon unreasonable conditions to the issuance of a permit to sell in Oregon the small public issue cleared by the United States Securities and Exchange Commission, and the State of Washington which is to be sold by the company's President without the payment of any commission. We have had no similar case with your department in which you have demanded that the proceeds of one-half the issue be held in escrow, and that shares be placed in escrow.

In your letter you state that "it appears to be the impression of the Geology Department that the Mine warrants reasonably extensive exploration". Our company is engaged in extensive exploration of the Oregon King, the only silver mine now operating in the State of Oregon. We are exploring a natural resource of this State, which the State of Oregon has made an expensive effort to encourage.

Every step which we have taken has disclosed additional encouraging information about this deposit. We have practically completed rehabilitating the old workings and have made the mine accessible. The workings consist of 700 feet of inclined shaft and 3700 linear feet of drifts and crosscuts. A drift to the East has been extended on the Fourth Level through virgin ground for an additional 135 feet, and ore was encountered for a distance of 90 feet along the drift. The vein is five feet wide in the face, and the limits of this ore are yet to be determined. Assay results are: Sample 440, Gold 1.94 oz., Silver 487.00 oz per ton; Sample 441, Gold 0.36 oz., Silver 25.00 oz per ton; Sample 442, Gold 0.12 oz., Silver 1.90 oz per ton; Sample 443, Gold 5.25 oz., Silver 105.70 oz per ton.

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Corporation Commissioner
Salem, Oregon
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Since your letter of April 12, 1963, we have shipped twelve carloads of ore to the American Smelting and Refining Company at Tacoma. We have been paid for four of these carloads, a total smelter value of \$8,466.88. We are awaiting payment on the remaining eight. The four cars average a smelter value of \$2,116.72 per car. Thus, we expect the value of the twelve cars shipped to amount to approximately \$25,400.64. The twelve cars are in addition to the six shipments reported at page 10 of our Offering Circular with a smelter value of \$4,028.34. Thus far the total smelter value of exploratory bulk samples delivered to the smelter will approximate \$29,428.98. A crew of eight men are processing additional ore, and we expect to continue shipping an average of three carloads per week. With three carloads per week we should average shipments valued in the neighborhood of \$6,000.00 per week, and our expenses should not exceed \$3,000.00 per week.

If we had followed your advice and had shut down the mine, and allowed it to fill up again with water during the time while we were accumulating in escrow \$50,000.00 of proceeds from the sale of shares, our company would have lost its investment in the mine, together with the opportunity of going ahead with the ore discovery, which we now enjoy. At the present rate of shipping these samples of exploratory ore, it is likely that our exploration work will soon have removed from and put back into the mine the equivalent of the \$50,000.00 minimum exploration funds that you asked us to build up idle in escrow.

We cannot see where it is fair, just or equitable to hamper the management of the company by your suggested escrow requirement and thus prevent the company from raising funds to meet the purchase money installment soon to become due to the First National Bank of Oregon. We also need to sell shares in Oregon and to utilize the proceeds as quickly as the shares can be sold to acquire much needed equipment which will increase the efficiency of our exploration operation. As soon as it is acquired, each piece of this equipment will reduce the cost while speeding up the rate of work and will help us keep the cost of our planned exploration within the limits of our budget.

Under existing circumstances, the company cannot comply with your escrow requirements because we could not do so without violating the federal law. Our issue became effective March 28, 1963, under the Securities and Exchange Act of 1933, as amended. It also became licensed by coordination under the laws of

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Corporation commissioner
Salem, Oregon
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the State of Washington. Part of the issue has been sold in the State of Washington, and, as you know, we would have no right to withdraw the public offering even if it were practical for us to do so. Any arrangement to escrow shares or funds is a material fact which must be disclosed in the notification and offering circular. The company stated in its notification under Regulation A in item 11 (h) that the company had not entered into any escrow agreement with its stockholders to hold their shares in escrow. Therefore, it would not be fair to the stockholders in Washington, who have already purchased part of the offering, for the company to depart now from the financial plan disclosed in the effective notification and offering circular. We are bound to go ahead with the existing financial plan already established by the management of the company under the federal law and the authority of the State of Washington.

At the same time, it is not fair to deprive the citizens of Oregon of the privilege of participating in the ownership of the Oregon King Mine. Oregonians should be allowed to take part in the development of their state's natural resources. An over zealous eagerness to protect Oregon citizens from imaginary risks should not be exaggerated into an assumption of the duty to make their investment decisions for them. Nor should excessive timidity on the part of the Oregon Corporation Department preclude braver citizens of the state who judge it advantageous to take the fully disclosed calculated risk of participating in this mining venture.

Moreover, if your department knew more about the mine and had studied the excellent Short Paper 23 written by F. W. Libbey and R. E. Corcoran, published by the State of Oregon, Department of Geology and Mineral Industries last July, and had access to the information which we have obtained from our experts, David E. Loughran, E. M., formerly superintendent of Mines, Anaconda Mining Company; Russell A. Paige, B.S., M.S., formerly USGS Geologist; Wayne M. Raglund, B.S., Geologist; Dennis C. Temple, B.S., Geologist and Mineralogist, who has been employed full time on the property; Albert J. Walcott, Geologist and Mineralogist, B.S., M.S., Ph.D.; and William G. Johnston, B.S., M.S., Ph.D., registered professional engineer and geologist (MIT); we feel that your department would have little hesitancy in granting a permit to our company. We have contracted with Gary Ojala, B.S., Geologist, University of Kansas, to write his Master Thesis on the Oregon King Mine and surrounding area. We have contracted with Arthur S. Radtke, Instructor of Economic Geology, Stanford University, to study, map and sample the mine. He will be assisted by James E. Elliott, B.S., M.S., who is taking his Doctorate in Geology at Stanford University. In addition, we will probably have some assistance from a geologist employed by Sunshine

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Salem, Oregon
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Mining Company, and from a geologist employed by Cyprus Mines Corporation. Both of these companies have showed an interest in the mine, and requested the privilege of examining it.

The statutes of Oregon do not give to the Corporation Department the right to require an escrow of "Securities", nor an escrow of "funds", except upon certain conditions which are not present in this case. ORS 59.190 (1) restricts the escrow of "securities" to instances where shares have been issued for a patent right, copyright, trade mark, process, lease, formula, good will, promotion fees or expenses, or for any other intangible asset. The shares which your department would require us to escrow were issued for cash and real property, which are by no means intangible assets.

Likewise, ORS 59.190 (2) restricts the authority of the Commissioner to require the escrow of "funds" to funds used for promotional purposes. Our company would agree not to use any funds raised from Oregon stockholders for any promotional purpose, and, would make no objection to such condition being inserted in a permit to sell the issue in Oregon. We refer to the budget in our offering circular at page 3. Certainly the payment of wages, the payment of purchase price installments to the bank, the purchase of supplies, tools and equipment, payment of numerous taxes cannot be construed as the use of funds for promotional purposes. No commissions or discounts can be paid for the sale of the shares. The company employs no stock salesmen.

Inasmuch as our application has been pending with your department for nealy four months, we would appreciate a prompt issuance of the permit.

Very truly yours,

WBM/jb

William B. Murray

cc - Hon. Mark O. Hatfield
Governor of Oregon

Senator Thomas R. Mahoney
Chairman, Senate Judiciary Committee

May 21, 1963

Hon. Frank J. Healy
Corporation Commissioner
Salem, Oregon
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cc - Frank C. McCulloch
Chairman, Board of Governors
Department of Geology and Mineral Industries

Hollis M. Dele, Director ✓
Department of Geology and Mineral Industries

OREGON STATE UNIVERSITY
SCHOOL OF ENGINEERING
CORVALLIS, OREGON

OFFICE OF THE DEAN
COVELL 201

January 31, 1962

Mr. Raymond E. Corcoran
State Department of Geology and Mineral Industries
1069 State Office Building
Portland, Oregon

Dear Mr. Corcoran:

Subsequent to our telephone conversation regarding the Oregon King Mine, I recalled that I had taken my file of material to your office and left it with Mr. Dole. Perhaps this is the material you have at hand. If not, then my file is lost which is not a surprise since several boys have borrowed it and it spent one year in Denver, Colorado. Accordingly, a visit here would not produce anything more than recollections which, by and large, are not too complete. Perhaps I will be able to drop up to the office on my next visit to Portland.

Give Mr. Libby and Mr. Dole my regards.

Sincerely,



G. W. Gleeson
Dean

GWG:EH



OREGON STATE COLLEGE
SCHOOL OF ENGINEERING AND INDUSTRIAL ARTS
CORVALLIS, OREGON

OFFICE OF THE DEAN

June 7, 1960

STATE
& MINERAL INDUSTRIES

Mr. Hollis Dole
State Dept. of Geology and Mineral Industries
State Office Building
Portland, Oregon

Dear Hollis:

As I told you one time, I think that possibilities for a mine still exist at the Oregon King at Ashwood, Oregon. Because I have almost lost what little record I have upon several occasions, I enclose it for you to make a part of your files.

Briefly, the story is this.

Mr. J. G. Edwards who originally held the mine made leases which for years were in the courts. The mine was worked only for short intervals for many years. In 1938 or 1939 Mr. Edwards leased the mine to a Mr. Rolphing, a wheat broker in Portland who had been a broker for Mr. Edwards for many years. Mr. Rolphings' lease called for, among other terms, that 10% of gross be placed in escrow until a sufficient amount was available to build a mill. Mr. Rolphing started operations by shipping the Oregon King Dump to Tacoma and then bulldozing the top of the hill. In a little over a year's time he had enough to build the mill which Denver Equipment designed (?) and installed. The mill had been completed only a short time, I think about three months prior to the gold closure order. Subsequently, Mr. Rolphing died rather suddenly and the mine went to Mr. F. A. McMenammin. I do not know whether Mr. McMenammin actually operated, but in early 1950 a fire took out the headworks, shaft timber, etc. They dynamited to put out the fire and in so doing closed the shaft. Since that time I have no record except that the mine stands idle, the mill is gradually being carted away by local persons and, I believe, the bank in Madras now holds title, probably as result of foreclosure, I am not sure.

I have seen records of \$130 per ton ore from the Oregon King and have myself made assays in the \$60 to \$70 range from channel samples of the dump. My recollection was that

Mr. Hollis Dole - 2

Mr. Rolphing, in shipping the dump as was, averaged close to \$50.00 per ton. Probably smelter records could be obtained from Tacoma to verify this fact.

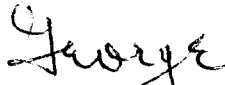
In any event, this is the last of the records as I know the history.

A short time ago, Mr. Howard Vitz dropped in the office regarding black sands. I was surprised that Union Carbide would have any interest. Subsequently, I received a request for information from the New York office.

I, of course, haven't had time to do any work on the black sand compilation as yet. Will try to tackle it this summer.

I have not found free time as yet when I can get to Lakeview. I have been thinking about possibilities for such a plant as I know they have. The only thing I have been able to dream up so far is a high grade pigment plant although there is no certainty that the location would be possible. In fact, the location is pretty sour for anything. Will try and contact you on this later.

Hurriedly,



G. W. Gleason
Dean

GWG:EH

FRANK A. McMENAMIN & ASSOCIATES

833 N. E. AINSWORTH STREET

PORTLAND 11, OREGON

TRINITY 3738

Income Tax Reports
General Insurance Service

Business Management
Business Accounting

November 27, 1950

Dean G. W. Gleeson
Oregon State College
School of Engineering and Industrial Arts
Corvallis, Oregon

Dear Dean Gleeson:

I thank you for your kind letter of November 18, 1950 inquiring in regard to the Oregon King Mine and I will endeavor to give you such facts as you would be interested in and hope that we can have a personal conference sometime in the next few weeks when I can go into more detail with you.

We had quite a severe fire at the mine some two months ago which apparently started on the two hundred foot level. It came up the shaft and burned the powerhouse and also the ore bunkers and then the fire continued in the sulphide ore for some two weeks or until we had to put in a large charge of dynamite and blast down below to shut off the air currents and I believe that for the past two weeks the fire has been out entirely. Electric power is in the area now and it has been quite a help to us.

The big handicap of the mine, in my opinion, has been the lack of mining knowledge on the part of the operators. Each time that a person of experience seems to get started nicely there is interference with the program and others without proper mining experience seem to think that mining is an industry that does not require expert knowledge. I believe that the property has very definite possibilities and hope that by next spring a program can be worked out and carried forward that will definitely prove this.

Again thanking you for your interest, and hoping that we may arrange for a conference sometime when you are in Portland, or I will take a drive down to Corvallis at your convenience so that we can cover the situation more fully.

I remain,

Very sincerely,



Frank A. McMenamin

FAMcM:hfc

November 18, 1950

Mr. F. A. McMenamin
833 N. E. Ainsworth
Portland 1, Oregon

Dear Mr. McMenamin:

I have heard nothing regarding the Oregon King line for some long time and I hope that you will pardon my inquiry as to the status of the operation. I was under the impression that as soon as electric power came into the area, that there was intent to put the operation on a 24 hour basis. Evidently there has been some difficulty unknown to me.

Perhaps you will regard my inquiry as idle curiosity which perhaps it is, but I do not intend to pry into private affairs. It is just that I arrived at a conclusion that the Oregon King had definite possibilities which have never been proven, nor, do I believe, disproven.

Sincerely,

G. W. Gleeson
Dean

GWG:JK