

March 15, 1951

Mr. H. B. Murphy
Care of Fairview Placers
Lewiston, California

Dear Harry:

This is the first opportunity I have had to write about the Esterly project. As I anticipated, our people do not wish to put any new money into this project but are willing to make the Burnt River dredge and equipment now at Happy Camp available for use on the Esterly ground under a suitable agreement. A formal letter outlining the terms under which the dredge could be moved to the Esterly project is enclosed for use in setting up your deal.

Briefly, unless there is a spot cash sale in prospect we would not care to sell the dredge but would in effect lease it to the project for an economic interest in the operation. This economic interest would be 30% of the operating profit or \$2,000 per month, whichever amount is larger. The minimum payment of \$2,000 would have to be made for each month commencing ninety (90) days after the date of agreement, which is tentatively set for April first, and the excess, if any, of 30% of the operating profit over \$2,000 per month would be determined and paid to Sunshine quarterly. Operating costs would consist of labor including payroll taxes, supplies, power, insurance premiums, and property taxes. Income would consist of all income, gold, silver, platinum, sale of timber, gravel, rentals and other miscellaneous items less royalties paid on the purchase contract for the property. The agreement could run for five (5) years with provision for extension if necessary to complete the project. At termination of the project, possession of the dredge and equipment would be restored to Sunshine with adequate right of storage on the premises until moved or otherwise disposed of. If the project should develop favorably to such extent that a second dredge should be needed, Sunshine would have the right to contribute up to 50% of the capital or its equivalent required for this purpose and would receive a corresponding percentage interest in the operation of the second dredge.

In having Idaho-Canadian assign its interest in the Burnt River dredge to Sunshine, you expressed the hope that this action might clear the way for a release by Sunshine of Idaho-Canadian from its obligation to Sunshine under the Guarantee Agreement of March 7, 1947. Assuming that the Esterly project turns out to be a profitable one, it would be our thought to apply the first income derived from it by Sunshine to the extinguishment of the amount of Sunshine's unrecovered investment in the original Burnt River venture, the balance of interest on the Burnt River notes, the interest on the Star Pointer notes, and

C O P Y

Mr. H. B. Murphy
March 15, 1951
Page No. 2

the jig royalty in the order named. If this could be accomplished, not only would the Guarantee Agreement be satisfied but also everything else connected with the mortgage except the balance of principal due on the Fairview notes and the interest on these notes.

We cannot at this point release the Guarantee Agreement but it is possible that this might be done after the Esterly operation had progressed far enough to demonstrate that the required amount of income would be derived from it. Possibly the same effect could be reached if it were understood that we would make no call upon Idaho-Canadian under the Guarantee Agreement as long as the minimum payments of \$2,000 per month were being received from the Esterly operation.

Such income, if any, ^{as} may be derived by Sunshine from the Esterly operation or from later disposal of the dredge after Idaho-Canadian has been relieved of the Guarantee Agreement, the interest on the Burnt River notes, the interest on the Star Pointer notes, and the Jig Agreement would, of course, be for Sunshine account. In order to bring the rather complicated situation in connection with the mortgage and guarantee fund up to date, we have prepared a memorandum showing the account as it stands according to our records as of March 1, 1951.

If you have any comments or suggestions with reference to this letter, I shall be glad to hear from you.

Yours very truly,

R. D. LEISK
General Manager

RDL:R
Enclosure

cc: Mr. George E. Murphy

COPY

March 31, 1934

Mr. J. R. Harvey,
Grants Pass, Oregon.

Dear Jack:

Regarding the testing that I did at the Logan Mine, I feel that the area, while limited, was tested very fairly. It is true, panning tests were far below the sluicing tests. I checked this by actually sluicing the entire dump from a great many shafts.

I also cut samples which include four or five yards of material down the face of Logan's Pit in numerous places. These tests were also below the actual cleanup record that Logan had made.

From all of this data I worked out a factor and applied that factor to the tests of many shafts and increased their value accordingly. The final figures that I submitted were based on these increased values, and as you say, they are quite low, which is true.

I have just returned from the East and on my way through Chicago I called on Mr. Hales -- nothing definite resulted from this visit with him.

With the new price of gold the property looks entirely different to me than it formerly did and I believe you would be fully justified in encouraging anyone to undertake a careful examination and sampling of the property for their own account.

Kindest regards.

Very truly yours,

LAL:B

June 13, 1935

Mr. J. G. Baragwanath,
405 Lexington Avenue,
New York, New York.

Dear Mr. Baragwanath:

I have your inquiry of the 5th regarding the Esterly mine near Waldo, Oregon, some forty miles southwest of Grants Pass.

In 1916 I put down some 98 shafts on this property and prospected some 52 $\frac{1}{2}$ acres. At the old price of gold my values per cubic yard ranged from ten to twenty cents, and the ground varied from twelve to thirty feet in depth. The total yardage in my estimate was 1,300,000. All of this was on a false bedrock.

A few years later, after Mr. Esterly started operating, he claimed to have sunk beneath this false bedrock to a true bedrock which was serpentine, and that his values increased as high as 50¢ per cubic yard.

An Empire drill was shipped to the property but was never used with any intelligence and the results were very discouraging. I had withdrawn the interests I had and simply forgot about it.

With the present price of gold this property might be worth a very careful examination on account of the large acreage it embraces and the fact that they have excellent water rights.

J. G. Baragwanath

-2-

June 13, 1935

I do not believe it could ever be dredged on account of the enormous amount of clay, but with the use of hydraulic elevators and giants it might be operated.

There are years when that section of Oregon has terrific rainfalls and when the pit where the elevator is operating becomes so large that it forms a lake it is pretty difficult to operate the elevators successfully and it might be necessary to start new pits for operating until they become too large.

A few years ago I believe the W. P. Hammon Company did a lot of very systematic drilling on this property and turned it down. It was given out that the ground contained too much clay for successful dredging and they withdrew.

I am not of the opinion that the property will ever make a large amount of money. It is low grade and the season is rather short. Nevertheless, I feel that with gold at \$35 an ounce it could be worked with profit by very economical operation.

It has been so many years since I was on the property that I would not offhand recommend it as an investment for Pardners Mines.

Kindest regards.

Sincerely,

LAL:B

October 26, 1933

Mr. D. L. Cubberly,
Los Angeles, California.

Dear Mr. Cubberly:

Replying to your inquiry of the 24th, I feel that under proper management the Waldo property can be made to pay on a moderate scale operation.

I do not consider the ground dredgable, neither do I consider a large yardage can be moved daily for in doing so you will not thoroughly disintegrate gravel which contains a great deal of clay.

If operated the same as Mr. Logan's property the mine should show a profit.

Very truly yours,

LAL:B

Waldo
Josephine Co. Inc.

October 4th, 1930

Mr. J. E. Burns,
P. O. Box 595,
Chicago, Ill.

Dear Mr. Burns:

Answering yours of September 30th; the one hundred shafts mentioned in your letter were sunk for me during an examination I made of the Waldo property, known at that time as the Logan Mine. The date of my examination was October, 1916. It was my conclusion at that time the gold could not be dredged.

Subsequent to my testing, I believe some drilling was done under the direction of W. J. Loring of San Francisco for an English company. So far as I know the United States Smelting and Refining Company have never examined this property and I do know they never drilled. If you have a copy of my report detailing the results of the shafts dated May 12, 1921, that must be the date that the report was re-copied by someone for some purpose as my report was dated 1916.

Very truly yours,

LAL:MB

DAMS, DITCHES AND FLUMES: The largest expenditure under this head was for a block lined flume, 1840 feet in length, put through the tunnel running east and west between the N.W. $\frac{1}{4}$ and the S.W. $\frac{1}{4}$ of Section 15. Approximately 80,000 feet of lumber was used in this work. In addition to this 104 sets of new timbers were placed in the tunnel and 8000 feet of new lagging. Six flumes were replaced on the Middle Ditch and two on the High Line Ditch. The Tail Race, covering a distance of $2\frac{1}{2}$ miles from the lower end of the Tunnel Flume, was cleaned out the entire distance. Considerable powder was used in this work.

MACHINERY AND EQUIPMENT: This account covers all new machinery, pipe tools and equipment, as well as hardware of all kinds.

FREIGHT: This account is charged not only with freight and express items but lumber haulage, gasoline and oil bills for our own truck and cars.

COMMISSARY: This account takes in the board of employees who are given their board in addition to their monthly salary.

ELECTRIC LIGHT AND POWER: A new power line and plant was installed at the Tunnel Camp and larger equipment used. This will do away with the second plant heretofore used.

WOOD SHOP: Owing to the fact that we have over 10000 feet of water flume and 2000 feet of sluice boxes to keep in repair and replace from time to time, a wood working department was added to the machine shop. The various wood working equipment was assembled here and some new machines added. We can now do this work at about 10% of the former labor cost.

FARM, STOCK AND EQUIPMENT: This includes all feed accounts, plowing, seeding etc. as well as new fences and repairs to buildings.

TELEPHONE AND TELEGRAPH: This covers telephone and telegraph bills for six months. There are twenty one telephones connected to our switch board.

BUNDRY EXPENSES: Includes various small items that are a charge against the property as a whole and hard to segregate

All the work done has been for the purpose of opening up and driving the open cut from the east end of the tunnel to the pit, a distance of 9200 feet, where mining operations have been carried on for several years, and operating the property on a gravity system using all the available water. We will be ready to start piping this out in about ten days.

Yours truly,

Jan. 27. 1923.

The Castle
Tarrytown-on-Hudson
New York

L. A. Levensaler Esq
Hogue Buil.
Seattle Cal.

Dear Sir:—

Mr Hamlin Andrus of Yonkers N.Y.
has refered me; to you, for news
of the Logan Mine, on the Oregon Coast.
Can you advise, whether this mine
is being operated; and can it be
obtained at a reasonable figure.

If you have knowledge of the
latest developments of the Logan
mine—without too much bother—will
be glad to hear from you.

Very truly yours

J. B. Harper, B.S. & M.E.

SAN FRANCISCO, CALIFORNIA
614 CROCKER BUILDING
TELEPHONE SUTTER 5191
CABLE ADDRESS "WANTONESS"

WILLIAM J. LORING
MINING ENGINEER

BOSTON, MASSACHUSETTS
55 CONGRESS ST., ROOM 822
TELEPHONE MAIN 4829

San Francisco, California,
26th January 1923.

L. A. Levensaler, Esq.,
512 Hoge Building,
Seattle, Washington.

My dear Mr. Levensaler:-

Thanks very much for your report on the Logan Placer property, Waldo, Oregon, dated 1916, which came without a covering letter.

I have just returned from the mine, where an inspection of the property is being made by my engineers, together with a certain amount of testing work that is being done to prove the value of the property, beyond the point actually examined by you into the 100 shaft that you sunk, as it would appear to me to be necessary to prove the value of the ground in the area covered by the reservoir, by actual testholes.

I observed a number of boreholes that had been put down, with sticks marking their positions, and I am wondering who did all of this boring, and what the results were. Evidently someone was trying to locate the value that might extend from the big pit that has been worked extensively by Mr. Esterly.

L. A. Levensaler, Esq.,
26th January 1923,
Page Two.

I suppose that my engineers will be able to find a record, some place, of this work. It would appear to me to be necessary to have all these results, in order to save time, and give value to the property much sooner than can be done if my engineers must resort to their own methods of valuation.

I regretted very much to hear from Mr. Paterson that you had delayed your visit to Idaho on account of the possibility of meeting me at the Esterly-Waldo Mine. I must explain that, at the time you were delaying your departure from Seattle, London had not yet informed me that the examination was to be made by me, therefore I could not say anything. As I did not know what your movements were, or what you contemplated doing, - as a matter of fact I did not know what the local conditions were, surrounding the Esterly-Waldo Mine, I was sort of left up in the air, so to speak. I regret very much that you have been delayed in your work, etc.

While dictating this letter, yours of the 22nd instant was handed to me, which I beg to acknowledge. ~~I will send a copy of your enclosed letter to Mr. Huber.~~ I will send a copy of your enclosure to London, which will probably give them some

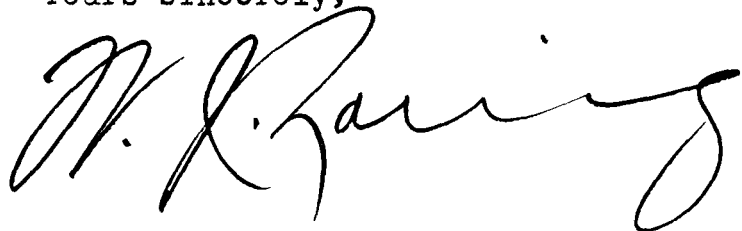
L. A. Levensaler, Esq.,
26th January 1923,
Page Four.

property is 3800 acres, but of course we all know that there are not 3800 acres of profitable, alluvial ground upon this property. The question in my mind is, - how many acres are there that will pay to work? However, I thank you very kindly for your assistance in this matter. It may be necessary for me to meet you some place, and have a talk about the whole situation before I come to a final conclusion.

I see, again, in Mr. Paterson's report, that he states that only one-tenth of the property has been proved by sinking shafts and drilling holes through the gravel to the bedrock, etc. We also know that ground that will run $18\frac{1}{2}\phi$ per cubic yard under hydraulic conditions that prevail at the Esterly-Waldo Mine, indicate a very profitable venture provided there is sufficient yardage in the property to warrant the price that is asked.

I should be very glad to hear from you, when you have time to write me, and, with kind regards,

Yours sincerely,



WJL:SG

Jan. 22, 1923.

Mr. Phil Huber,
c/o Esterly Mine,
Waldo, Oregon.

My dear Mr. Huber:

Replying to your favor of the 19th. There seems to be some misunderstanding about a report that I made subsequent to 1916. The only report that I made, which was more in the nature of a compilation of data regarding my prospecting, was made in 1916, a copy of which you have. My recommendation and opinions were conveyed personally to Mr. D. E. Skinner, and no final report, further than the one you have, was ever made. After Mr. Esterly had been operating the mine for several years I visited the property and he showed me where his clean-up records proved that the ground was better than my prospecting results. These facts were embodied in my last letter to you. Using his results, I believe the working results increased the prospecting results forty percent.

Now, with reference to yardage and values in the un-prospectured areas, I believe I impressed upon you in my last letter that the figures used in establishing the yardage, beyond that actually computed in my report of 1916, were purely assumed. Therefore, it is quite impossible to send you any data showing blocks of ground of known depth or acreage. I simply assumed that, within the sections mentioned in my letter to you, those areas contained the acreage mentioned. The areas were never definitely outlined on the ground.

I would advise very strongly that you get in communication with Mr. James T. Logan at Grants Pass. Mr. Logan was the former owner and operator of the property and knows more about it than anyone else. He can give you other valuable data regarding production, water rights, etc. in the Waldo district. I feel quite certain that if you go to Grants Pass Mr. Logan will return with you to the mine in his car. To have him go over the property with you would be of greater assistance than anyone else you could procure.

I regret that I have not been able to be at the property during your examination, but really do not feel that I could help you out as you have already all the data that I possess regarding the mine. If you feel that I can be of some assistance and that my presence is of vital importance, let me

Mr. Phil Huber--2--
Jan. 22, 1923.

know and I will try to arrange to come to Waldo. I am very busy with some reports and to come at this time would be very inconvenient. However, I want to assist you all I can.

With kindest personal regards, I am

Sincerely yours,

LAL:R

Copy to W. J. L. - S. F.

SAN FRANCISCO, CALIFORNIA
614 CROCKER BUILDING
TELEPHONE SUTTER 5191
CABLE ADDRESS "WANTONESS"

WILLIAM J. LORING
MINING ENGINEER

BOSTON, MASSACHUSETTS
55 CONGRESS ST., ROOM 822
TELEPHONE MAIN 4829

Waconda Ore
January 19th 1923

Louis A. Lovensales, Esq.
Consulting Mining Engineer.
512 Hazel Building
Seattle, Wash.

My dear Mr. Lovensales:— Your letter of January 15th with figures of yardage and value derived by projection has been received. This information is very helpful to me and I thank you very much for sending it.

I have a copy of your 1916 Report covering your prospecting work of the 52 Acres. I would like to have a copy of your revised report showing the acre and depths of the various blocks you have enumerated in your letter to me. If this possible it would help a great deal.

I had hopes of you being able to be here this week as Mr. Loring will arrive either this evening (Friday) or tomorrow morning. I do not expect Mr. Loring to spend more than a few days here.

We'll be glad to have you come here after your Baker City trip as there is

a great deal you can enlighten
us on. If I should not be there
when you come, a Mr. G. B. Bigham
will be there in charge, and he
will be very glad to discuss
various points with you.

Thanking you again for your
letter, I remain

Yours very truly
Wm. Loring

January
Fifteenth
1923

Mr. Phil Huber,
Waldo,
Oregon.

My dear Mr. Huber:

The following figures were compiled by me subsequent to my prospecting report of 1916. My original report on the Esterly Waldo Alluvial Property embraced fifty-two acres showing an average depth of twenty feet or one million three hundred thousand cubic yards, having a gross value of \$166,500. No estimate was made of the unprospected acreage which embraced some two thousand acres - four hundred acres of which was located in 1916.

Under date of August 12th, 1922, I sent the following memorandum to Mr. Esterly at Waldo:

"In addition to the data contained in this report I wish to add the following remarks with reference to certain operating results obtained since my prospecting:

Value of ground worked by Logan upper pit,
22 $\frac{1}{2}$ p.c.y.
Value of ground worked by Esterley upper pit
33 $\frac{1}{2}$ p.c.y.
Increase in value 46%

Value of ground worked by Esterley below
Logan's pit 50 $\frac{1}{2}$ p.c.y.
Increase in value over Logan's upper
pit equals 125%.

Value of ground worked by Esterley below
Esterley's upper pit 80 $\frac{1}{2}$ p.c.y.
Increase in value over upper ground
same area 140%

Mr. Phil Huber--2--
January 15, 1923.

General average all ground upper pit 26 $\frac{1}{2}$ % p.c.y.
General average all ground lower pit 50% p.c.y.
Increase in value from upper to lower 86%

Indicated value of a portion of ground south of Logan pit as demonstrated by prospect shafts equals 26% p.c.y. same ground returned by sluicing equals 36% p.c.y. or an increase of 40% in value.

Average value of all shafts sunk in 1916 and figured on basis of 40% increase equals 18% p.c.y. This I have accepted as value of unworked ground.

YARDAGE AND VALUE BY PROJECTION:

Below present upper pit:

250,000 cu.yds. @ 50%	-	\$125,000.00
200,000 cu.yds. @ 80%	-	160,000.00

Bordering present upper pit to same depth:

275,000 cu.yds. @ 16%	-	40,000.00
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Below same area:

275,000 cu.yds. @ 30%	-	75,000.00
<u>1,000,000 cu. yds.</u>		<u>\$400,000.00</u>

Remaining in Sections 22 and 27 - 250 acres, containing:

10,000,000 cu.yds.

In Section 15 - French Flat - containing 120 acres with:

6,000,000 cu.yds.		
<u>16,000,000 cu.yds. @ 18%</u>	-	<u>2,880,000.00</u>
17,000,000 cu.yds.		\$3,280,000.00"

Mr. Phil Huber--3--
January 15, 1923.

You will note that the total yardage and value in this memorandum is arrived at purely by projection - in other words, certain areas of gold bearing ground that had not been worked might contain the values indicated. This, however, as the term "projection" implies, is a matter for exploration. From an engineer's angle these figures are of little value and only give an idea of what some of the unprospected areas might contain.

I am leaving tonight for Baker City Oregon. Should you care to ask any further questions please feel perfectly free to do so.

With kindest regards, I am

Very truly yours,

LAL:R

Copy to W. J. L. - San Francisco.

C O P Y

January
Ninth
1 9 2 3

Mr. W. J. Loring,
614 Crocker Building,
San Francisco.

My dear Mr. Loring:

Referring to the Esterly Waldo Alluvial Property.

I prospected this ground in 1916 for Mr. D. E. Skinner of Seattle. The ground had been previously drilled with poor results. Subsequent to the drilling Mr. Logan (who was then owner of the property) mined out a portion of the ground that had been drilled, and his actual recovery, after very careful checking, was 22 $\frac{1}{2}$ ¢ per yard, or, on an acreage basis, the ground yielded \$10,000.00 per acre.

Attracted by Mr. Logan's results, and feeling that there must be some reason for the poor drilling results, I determined to prospect the ground with shafts. Accordingly, I sunk one hundred shafts on the property. These shafts varied from ten to thirty-five feet in depth. Every shaft was carefully sampled by panning and the entire material from twenty-five of the shafts was separately washed through sluice boxes. The sluicing showed a considerable improvement over the panning tests. Several large samples were cut from the face of Logan's Pit and panning tests of these samples were much lower than his working records. Subsequently much of the ground that was sampled was actually worked by hydraulic methods and all results were higher than the tests. Of course, there is nothing unusual about this, for my experience has been that low-grade placer will always give better results under working conditions than prospecting conditions.

The ground that I prospected, and which has been worked in the past, is very difficult to pan, there being a large percentage of very heavy sticky clay; however, on a large working scale the ground has yielded very well. These features should not be lost sight of in considering the property. Unfortunately, my prospecting, while very thorough, was limited to about fifty-two acres of ground. At that time the property included nearly two thousand acres and, I believe, another fifteen hundred acres has been added since 1916. Much of this ground is gold bearing, and just how much will pay to work, of course, is entirely a matter of exploration.

Mr. W. J. Loring --2--
January 9, 1928.

There is a long story attached to the ownership of the property, by Mr. Skinner, and the attempts at mining - all of which your engineers will probably gather while on the examination. The former operator and owner, Mr. James T. Logan, lives at Grants Pass, and I have asked him to give your engineers any information that they might desire with reference to the operation of the property during his time.

The Spring following my examination an Empire Drill was purchased and, I believe, is still on the property, but unfortunately has not been used very extensively. I have had no connection with the property since my examination in 1916. The property is now owned by Messrs. Sweek and Elfendahl, Associates of Mr. D. E. Skinner.

North of the area that Logan worked the amount of clay seems to diminish and, I believe, that area can be dredged. To give you an idea of the difficulties we encountered during my prospecting; the very best that could be done on panning tests was an average of three pans per hour. I am simply stating this, so that you can impress upon the panners (should you do any drilling on the property) that unless unusual care is taken they will get very discouraging results trying to save fine gold from ground containing such a high percentage of clay.

I hope that we will have an opportunity to discuss this proposition personally before conveying your conclusions to London.

With personal regards, I am

Very truly yours,

LAL:R

SAN FRANCISCO, CALIFORNIA
614 CROCKER BUILDING
TELEPHONE SUTTER 5191
CABLE ADDRESS "WANTONESS"

WILLIAM J. LORING
MINING ENGINEER

BOSTON, MASSACHUSETTS
55 CONGRESS ST., ROOM 822
TELEPHONE MAIN 4829

San Francisco, California,
12th January 1923.

L. A. Levensaler, Esq.,
512 Hoge Building,
Seattle, Washington.

My dear Mr. Levensaler:-

Your letter of the 9th January arrived this morning, for which I thank you very much.

I am sending a copy of your letter to my engineers, who are now upon the property of the Esterly-Waldo Alluvial undertaking, and I feel certain that your letter will be of considerable use to them.

I shall be proceeding to the property in a few days, but thought it best to send my engineers ahead of me, to do the preliminary work, so that it would not be necessary for me to spend a lot of time upon items of detail that could be done just as well by the other fellow.

Upon my arrival I will be able to outline certain work, with a feeling of somewhat more security, as a result of their preliminary investigations.

I thank you very much indeed, and trust that I may have an opportunity of seeing you before it is completed. I would like to keep in touch with you,

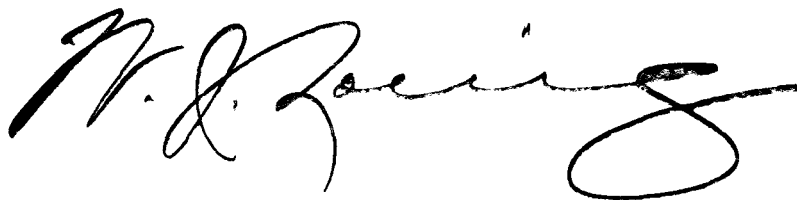
WILLIAM J. LORING

L. A. Levensaler, Esq.,
512 Hoge Building,
Page Two.

in the meantime, because my movements are somewhat uncertain. I find it necessary to be in Washington, D. C. the last week of February, therefore this examination must be completed before that time.

With my very best wishes,

Yours sincerely,

A handwritten signature in cursive script, appearing to read "W. J. Loring". The signature is written in dark ink and is positioned to the right of the typed name "W. J. Loring".

WJL:SG

A. O. Sullivan
2010/12/22
2 Rector St.

Dear Sir:

Since writing to you the other day I have found some notes on the Oregon Placer proposition discussed with you while in New York. I am also enclosing a map showing location of the property, also a small photograph which will give you an idea of the flatness of the country and the comparative absence of big boulders in the gravel. The pit that you see in the photograph has been worked out by use of a Henty hydraulic elevator, and practically everything mined in this pit has gone through the elevator.

The ground is ideal for dredging if you can thoroughly disintegrate the gravel within the limited space for washing on dredges. There is considerable clay in the ground but if the device you spoke of, used on some of your dredges, can handle this ground there is an opportunity for a large scale operation here. So far as investigations have gone the Northern part of the area is comparatively free from clay as compared to the Southern portion.

The present owners have patented water rights. The exact date of establishment I do not know, but probably date back into the seventies or early eighties. These rights embrace over 13,000 inches of water, of this amount there is a constant discharge of over 2000 inches in the high-line ditches of sufficient elevation to be taken advantage of for the development of power through the medium of electricity necessary in operating dredges. If you do not care to develop your own power, power can be bought from the California - Oregon Power Company. They have a plant on the Rogue River but just how close their line is to this property I do not know.

The property is situated in the Southwestern part of Josephine County, Oregon, about forty miles by good automobile road from Grants Pass. Grants Pass is on the main line of the Southern Pacific Railroad between Portland, and San Francisco.

The mine is locally known as the Logan property, and comprises about 3500 acres. The nearest Post-Office is a quarter of a mile distance at Waldo. A very small amount of this area has been worked or prospected.

Now with reference to values - the ground that has been worked averaged about \$10,000 per acre. This would average about 20 feet in depth, and stopped on a false bed rock. The average value per yard was about 23%.

After the property was purchased by the present owners they attempted to work the ground at a greater depth, namely an additional 30 feet, and make two stages of elevation. The ground that they worked averaged about 40% per cubic yard. You will remember our discussion of hydraulic elevators and can therefore appreciate my remark that this operation was not profitable to the owners. The above values include considerable platinum, just how much I do not know, but in the 40% ground about 3% per cubic yard would probably be a fair proportion for the platinum values.

In 1916 I prospected a portion of this ground by shafts. One particular area that I prospected returned an average of 26% per cubic yard. This same ground was subsequently worked out and returned by actual mining an average of 36% per cubic yard, or an increase of 40% in value. This difference was due largely to the fineness of the gold and the inability to thoroughly disintegrate and wash clay gravel in a pan or rocker.

An average of the shafts that I sunk in 1916 figured on basis of 40% increase would equal 18% per cubic yard. This I have accepted as a fair average value of the unworked ground. On this basis it is reasonable to expect that systematic prospecting can easily prove up an area containing a possible \$3,280,000.00. This will include 250 acres in sections 22 and 27, and 120 acres in section 15, which you will recognize as only a very small proportion of the ground held by this company.

The terms of the property can be discussed later. This, I believe, was your suggestion stating that you wished to get a report from your own engineer before talking trade. However, I will give you at this time terms that you figure on. On a basis of \$300,000.00 for the property there will be a cash payment of \$50,000.00 to be paid at the time of transfer of title. The balance to be paid in amounts of \$25,000 each six months until the full payment of the purchased price has been paid. No interest to be charged on deferred payments, and all deferred payments to be secured by a mortgage on the property. Deferred payments not paid at due dates, to bear 7% interest. All commissions will be taken care of by the present owners.

I will be pleased to meet your engineers in Seattle and give them all the additional data and maps that I have in my office there. Also to make all arrangements at the mine to see that they are accorded every courtesy and facility for examination.

I neglected to state on the previous page that the ground worked by the present owners was all on false bed rock. I do not know the depth to the true bed rock. The false bed rock is comparatively easy to clean. All values seem fairly distributed through the gravel and not locally concentrated on bed rock.

Do not feel that the terms for sale are absolutely binding, as the property is held by parties that are financially responsible and will consider a fair and equitable proposition coming from practical operators in whom they have confidence as to their integrity and success. Therefore I feel that you will have no trouble in working out a satisfactory deal for this property, granting, of course, the report of your engineers is favorable.

With kindest personal regards, and hoping to hear from you at your earliest convenience, addressing me at "512 Hoge Bldg., Seattle, Wash."

Very truly yours,

August 12, 1922.

In addition to the data contained in this report I wish to add the following remarks with reference to certain operating results obtained since my prospecting:

Value of ground worked by Logan upper pit,
22 $\frac{1}{2}$ ¢ p.c.y.
Value of ground worked by Esterley upper pit
33 $\frac{1}{2}$ ¢ p.c.y.
Increase in value 46%

Value of ground worked by Esterley below
Logan's pit 50¢ p.c.y.
Increase in value over Logan's upper
pit equals 125%.

Value of ground worked by Esterley below
Esterley's upper pit 80¢ p.c.y.
Increase in value over upper ground
same area 140%

General average all ground upper pit 26 $\frac{1}{2}$ ¢ p.c.y.
General average all ground lower pit 50¢ p.c.y.
Increase in value from upper to lower 86%

Indicated value of a portion of ground south of Logan pit as demonstrated by prospect shafts equals 26¢ p.c.y. same ground returned by sluicing equals 36¢ p.c.y. or an increase of 40% in value.

Average value of all shafts sunk in 1916 and figured on basis of 40% increase equals 18¢ p.c.y. This I have accepted as value of unworked ground.

January
Eighth
1923

Mr. Albert Burch,
Crocker Building,
San Francisco, Calif.

My dear Burch:

I wish to thank you very kindly for your telegram from Butte regarding Mr. Loring. Since my inquiry I have had several telegrams from Mr. Loring relative to the examination of the placer property referred to. The property in question is situated in Southwestern Oregon and owned by some friends of mine in Seattle. They have given a number of extensions to a London crowd, who just recently have asked for another extension on the strength of having engaged Mr. Loring to examine the property. If he had actually been engaged by them to examine this property, they were quite willing to grant the extension, hence my telegram to you.

Again thanking you for your message, I am, with personal regards,

Sincerely yours,

LAL:R