

February 11, 1918.

Mr. W. R. Rust,
Bank of California Bldg.,
Tacoma, Washington.

My dear Mr. Rust:

I have a gold property close to Valdez, which I wish to submit to your consideration. I am therefore enclosing you a statement of the property made by the owners. I regret that I am unable to come over and talk with you personally, but expect to return to Alaska tomorrow. Should I not however, sail tomorrow, I will try to see you before going North. Mr. Lavensaler, I believe was on this property some years ago when it was being operated by the Gold King Company. The vein on which mining was done, at that time, was the one described in the enclosed statement as the Saddle Lead. You will note from the statement that the new vein is much larger while not as rich as the Saddle vein. The owners have sunk on this vein a total depth of one hundred and thirty one feet and have values of about fifty dollars a ton. I think the property is well worth looking into, or I would not submit it to your consideration.

The terms are as follows: Price \$125,000.00 for everything excepting the provisions and gasoline on hand, these to be sold to the purchaser for cash at Valdez prices plus a reasonable charge for freight. The owners desire that the purchaser apply fifty per cent of the gross output on the purchase price and if this percentage does not amount to \$25,000.00 at the end of the first year, then the purchaser to make up the balance in cash, and the same method pursued in the second and third years, \$50,000.00 each year. Of the ore on hand, the owners desire the total returns less a reasonable charge for milling. This to be applied on the purchase price.

You will note that the only money required by the owners before the end of the first year, is the cost of the provisions and gasoline. They would

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require however, that the purchaser keep a force of at least seven or eight men employed during the life of the option.

If you think well of the property, an examination should be made not later than the middle of April as the shaft will commence to fill with water about that time and the property at present is not equiped with pumps.

Will you kindly let me hear from you at your earliest convenience on this subject?

Yours very truly,

GOLD KING PROPERTY.

This property consists of 14 claims situated on a ridge of mountains near Columbia Glacier about 9 miles from tide-water at Shoup Bay.

The elevation of the claims above sea level is about 2300 feet.

The route usually travelled is by way of Shoup Bay. The first 5 miles after leaving tide water rises to an elevation of 900 feet and is fairly smooth easy going; then there is a rise of 2200 feet in the next $2\frac{1}{2}$ miles to the top of the ridge between Shoup Glacier and Columbia Glacier. A steam donkey has been installed and is now in position half way up this slope and it has been customary to use this donkey for hauling the freight for this $2\frac{1}{2}$ miles to the top of the ridge. From the top of the ridge it is about $1\frac{1}{2}$ miles to the claims first down hill to Columbia Glacier then straight across the glacier on approximately level going and then a rise of 200 yards steeply to the buildings at the mine. This freight is hauled up this last 200 yards by means of a gasoline donkey. It ordinarily takes between $3\frac{1}{2}$ to 4 hours for a man to walk from Shoup Bay to the mine. The average cost in the past of getting freight from Valdez to the mine has been between $3\frac{1}{2}$ cents and 4 cents per pound.

There are two leads crossing these claims, the one higher up being known as the "Saddle" lead striking approximately east and west and dipping about 45 degrees to the north. The other lead strikes in the same direction and dips to the south about 35 degrees from vertical. The lead last mentioned is north of the lead first mentioned and therefore the two leads converge on the dip. These two leads are about 600 feet apart on the surface. Both leads cut the formation, are true veins having a gouge on both walls.

A considerable portion of the work has been done on the "Saddle" lead and this lead had an average width of about 12 to 14 inches. The pay chute on this lead is about 100 feet long and has been worked to a depth of about 114 feet from the surface. From the lowest level on this lead a winze has been sunk a distance of 12 feet all of which showed pay ore equal in value to any found. None of these old workings are visible at present, the drifts, shafts and stopes being filled with water or ice. The ore in this lead which has been worked, averaged about \$350.00 per ton.

The Gold King Mining Company when it operated the property drove about 700 feet of tunnel to cut this lead but the lead was never encountered. The tunnel is driven from the opposite side of the hill and it is estimated that if the lead goes down the tunnel will out it at a depth of about 400 feet below the present lower workings thereon. The owners calculate that it will take about 200 feet more of tunnel to cut this lead. No work has been done on the "saddle" lead since 1915.

The other lead called the "New" lead upon which work is now being prosecuted is somewhat wider where drifting and stoping have been done and the ore obtained for milling. During the fall of 1917 a shaft was sunk on the lead to a depth of 63 feet from on the level of the mill. The average width of the ore on this shaft was about 3½ feet. The samples taken which were assayed showed gold values of about \$50.00 per ton. The owners contemplate drifting each way on the lead at the bottom of the shaft.

At the present time about 130 tons of clean ore have been broken and stored in the 700 foot tunnel mentioned. About 90 tons of this ore was taken from the shaft. It is estimated that this ore will yield at least \$5,000.00. The cost of milling under present conditions is about \$5.00 per ton.

EQUIPMENT.

The mine is equipped with 6 Fairbanks Morse gasoline engines, three of which are of 6 H. P.; one of 2½ H. P.; one of 1½ H. P. and one of 1 H. P.; one Hunnington roller mill, No. 3½ complete, rated at 10 tons capacity per day but which will really handle about 8 tons. This mill is run with one of the gasoline engines mentioned. One of these gasoline engines is equipped for a hoist. There is also a rock crusher adequate for supplying the mill. Also a retort outfit. The buildings consists of a good bunk house 12 x 16 feet; cook house fully equipped with cooking utensils, range, etc; another bunk house 12 x 12, a small store room and a blacksmith shop. There is no compressor. There is also at the mine about 3,000 feet of 3/16" steel wire cable and 2500 feet of 3/8" steel wire cable in excellent shape. In the tunnels is about 900 feet of double track and three ore cars. There is sufficient steel and hammers to last a gang of 6 men for at least a year. The steam donkey above mentioned which is stationed on a hill between Shoup Glacier and the mine is also a part of the mining equipment. There is also now on the property 32 tanks of distillate each holding 50 gallons as well as a considerable quantity of staple provisions sufficient of its kind to last 12 men a year.

This mine was operated by the Gold King Mining Company for two years and it is estimated that they extracted \$35,000.00 in gold values. The property has since been worked intermittently by the owners beginning with the year 1915 and they have probably extracted in all \$25,000.00 making a total production to date of \$60,000.00

The "New" lead above mentioned shows the greatest promise in view of the width of the ore in the shaft and the values found therein. This lead was not discovered underground by the managers of the operations for the Gold King Mining Company. A tunnel was driven by this company some 400 feet to tap the lead but seems to have been driven approximately parallel to the lead. The owners in 1915 drifted

125 feet from the end of the tunnel at right angles and picked up the lead. They drifted on the lead 125 feet and stoped it to the surface a distance of some 68 feet. The average value extracted from the ore was approximately \$45.00 per ton.