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November 2, 1969

Mr. Clarence O. Reed, President,
Sonoma Mines, Inc.,
Box 224,
Guerneville, California.

Dear Clarence:

For the record, Tuesday, November the 25th, would be most agreeable, and unless I hear to the contrary, it is planned to be there.

Also, for the record,, the report given Gene Barton is, without a doubt, one of the most peculiar I have ever run into. I can say no more, since the writer of this analysis appears to be a member of the American Institute of Mining Engineers. In short, he and I are "brothers in the bond".

At any rate, it tells us where it is; in short, precisely four miles northwest of the north end of the Kollsman Mineral trend. It has produced, as of 1944, 163 flasks of mercury. The Geological summary is suggestive; it has many of the ear-marks of the B and B area.

I find myself in a quandry, and ask your understanding. In a report to Kollsman, dated last January, I recommended to Kollsman that, in view of his centrally located plant, the company examine at its leisure, those many properties we have known about within a reasonable radius. I feel, therefore, that before I get into this I check matters out with Kollsman.

This I will do, by letter, today. Regarding Kollsman, the material given him in January is a most conservative approach. A grade for the million tons, admitted at that time, of about 1.65 pounds per ton, will now push 2.2 pounds; this in the final recognition that the Becker drill, while cutting excellent hole, through a loss of fines, downgraded all material; we have established a corrective factor, with the result acknowledged above. Constant mapping since then has established a major structure, with some 40 feet of true thickness, which I have been able, so far to trace for about 3000 feet, and which I am sure will go on, regionally. It has become a major regional control. Reserves, in the last ten months have been doubled.

If Sonoma is to consider this area, the B and B, would be

the logical choice; this with, I am sure, many 'sleepers' in the area, of possible similar potential, suggests unlimited opportunity.

When we last discussed the B and B, we were face to face with an almost insurmountable \$2,000,000 cash consideration. Now at this writing, and in view of production figures for the last months, the result of proper mining, and getting the mill to a point, where there is very little down time, there is some question in my mind, as to whether Kollsman would still be in the mood to consider a sale. On the other hand, Kollsman is approaching 80, he is the sole owner, and it is conceivable that he might consider some sort of a joint venture, with he retaining a share, so that with his eventual demise, the operation would continue. This is only a thought; but if we, in Sonoma, could look ahead in this fashion, it at least might merit a discussion with Kollsman. The fact that Sonoma is a successful operating, mercury company, might have a decided effect on his thinking. You would be negotiating for some 2,000,000 tons (as of this date) with a value in place of close to \$15 per ton, all open pit; the current 425 tons per day could at least be doubled with the addition of another furnace.

In closing, this is to assure you that we are betraying no confidences. I write with Mr. Kollsman's complete understanding, and in accordance with instructions given me in February, to the effect that if I ever had a qualified company in mind, who would be interested in his large-low grade property, he, Mr. Kollsman would be very much interested in discussing the situation; I was to give such an organization all details. He stressed, at the time, that he was not peddling the property.

As you know, my association with Sonoma has been an excellent one; despite a few recalcitrant associates, I feel very warmly about the entire set-up; With our two ore areas, and indicated economic reserves, I feel that it is an excellent investment for any of our stockholders, and look forward to that day, when, after moving ahead slowly, it will pay the dividends expected of it.

My inferences and suggestions above may be an invitation to get ourselves over-extended; but, on the other hand, we do not know just how seriously, until the opportunity has been explored with Kollsman.

My best to you; I must get back to other things.

Sincerely,


David McCourt Evans.