

Box 163
Hawthorne, Nevada

14 January 1966

Item 34

Mr. L.H. Hart
Guggenheim Exploration Co., Inc.
120 Broadway
New York 5, New York

Dear Bill:

Two properties came to Warren Mateer's and my attention while visiting the Painted Hills Mines in Denio. By a chance meeting with the owners, Mr. and Mrs. Ellis Farhman of Denio, at the Ashdown Camp, we were informed briefly, about their gold showing 3 miles from Denio in Oregon. In talking later to the owners of the Ashdown Mine, Cafarelli learned about the Farhman gold as well as their scheelite property 30 miles NW of Lovelock. Mateer was asked to examine the latter on our return trip south. Before leaving we had a chance to visit with the Farhmans one evening at their camp on the gold property while making arrangements for this examination, and although we did not see the ground we obtained splits from 2 samples of surface material they had on hand. At the outset, this gold showing sounded large enough to warrant study as a possible openpit deposit, and I would have done some preliminary work had I not been involved with Mateer without transportation.

I do not know what Cafarelli has done about tying these properties up. Detailed studies are necessary to justify the high values placed on the two groups.

Farhman Gold
Harney Co., Ore.

During visits with Ellis Farhman on Jan 8th and 10th, W.D. Mateer and I obtained a brief rundown on results of surface work on the property.

9 "Return" claims are located in the Pueblo Mtn. Range in T41S, R34E Harney Co. Oregon. Their new camp is located on the claims at the head of Denio Canyon some 3 miles from Denio, Nev. Present access is over about 15 miles of new jeep road which also serves the nearby Tillers mercury-copper prospect.

Basic Resources, Inc. of Long Beach, Calif. has recently stopped deep rotary drill exploration here which is said to have found a body of sulfide copper associated with shallower mercury mineralization. This company is planning a new direct road up Denio Canyon in the spring which will cross the Farhman's claims. Cuttings at one drill site were barren diabase.

Farhman and his son-in-law, John Locke, describe dozer cuts on the claims in free gold bearing, strongly oxidized pyritic schist and diorite. Our two samples were of small schist fragments and red hematitic soil from which we panned free gold and oxidized pyrite. Mr. Fyfe in Reno is assaying these. One of the samples is supposed to be representative of an 83 foot cut.

The material is said to contain selenium and tellurium to account for wide discrepancies in assays. One sample for example which panned free gold was sent to Anaconda and returned no values. Mr. Fyfe explains this as probably due to careless sample preparation where screened fractions were discarded. Other samples from cuts have given up to \$30 in gold.

In addition to Anaconda, Wah Chang and Union Carbide have been on the property, the latter company doing some form of geophysics. Reports of their work are confused, but apparently necessary drilling has been discouraged by unattractive terms and Farhman's \$1 million sale price. I did not discuss terms as I do not know what our involvement with Cararelli may be on this.

Farhman Scheelite
Pershing Co., Nev.

On January 10th W.D. Mateer and I visited a small tungsten mine in company of Ellis Farhman and John Locke of Denio, Nev. The property lies at a place known as Porter Springs, 30 miles NW of Lovelock in the Seven Troughs Range. Three claim groups cover 3-4000 feet of a granite-limestone contact which localizes scheelite mineralization. A 5-acre millsite is equipped with 3 cabins and a hammermill-tabling circuit which the Farhmans operated along with the mine.

During the boom, \$100,000 in high-grade concentrates was produced from an estimated 4000 tons of 2% plus ore. Most of this production came from a 135 foot incline which followed a high grade shoot from outcrop. Drifting on the 50 and 100 foot levels shows the shoot to terminate against offsetting faults. Higher grade portions of the shoot which averages about six feet in width were mined from the shaft and a 15 foot offset winze below the 100 lv. Exposed length of the shoot is 80 feet, terminating on faults which bring barren granite into the workings. Local strike varies from N20-40W with 60-70 degree E'ly dip.

Some 3000 feet northerly from the shaft a 200 foot adit exposes granite, andesite dike rock and highly silicified limestone. The limestone carries erratic pods of banded and disseminated scheelite which may be ten or more feet from the intrusive contact near the face. Some of this mineralization is 10-15% scheelite in widths of about 2 feet. We did not trace the contact zone on surface where several areas of heavy scheelite float were pointed out.

The steep contact would preclude openpit mining and there is evidence that exploration and development along the favorable contact will be complicated by faulting and erratic continuity of mineralization. Although mineable tonnages of 1-2% WO₃ are visualized in the zone which may prove to be a mile in length, there is no evidence for widths over 6 feet. Expanding the small sample which Farhman's shaft production provides, each 1000 feet on strike to a depth of 100 feet could yield 40,000 tons of +2% ore.

The stated price for the property is \$400,000. I believe this prospect presents one of the most attractive tungsten situations available.

Yours very truly,

P.K. Houston

GUGGENHEIM EXPLORATION COMPANY, INC.

120 BROADWAY
NEW YORK 5, N. Y.

LYMAN H. HART
VICE PRESIDENT

January 18, 1966

Mr. Philip K. Houston
c/o W. D. Mateer
P.O. Box 163
Hawthorne, Nevada

Re: Farhman Scheelite
Pershing Co., Nev.

Dear Phil:

This part of Nevada has long been known for its tungsten production and some properties here have been quite profitable. In general, tungsten is a difficult metal to become involved with, but an exceptionally favorable deposit always would be of interest. Moreover, recently the tungsten price has been quite favorable and the market generally strong.

In general, I feel that, if an opportunity comes up, again I presume through Cafarelli, or at least if not through Cafarelli with his approval, that you act on your own. The situation should be mapped and studied in considerably more detail.

We will leave this up to you to follow through as you see fit, but I would like to caution you again that there is no point in getting into these situations unless the working agreement is reasonable. A \$400,000 purchase price might be alright if payable on production but, obviously, a promotional override would have to be very reasonable.

Very truly yours,

Bice

L. H. Hart

LHH:ES

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LYMAN H. HART
VICE PRESIDENT

January 18, 1966

Mr. Philip K. Houston
c/o W. D. Mateer
P.O. Box 163
Hawthorne, Nevada

Re: Farhman Gold
Harney Co., Ore.

Dear Phil:

This acknowledges your letter of January 14th
with reference to the above property.

Apparently, this is a situation which could be
of interest if your assays stand up and if it is possible
to work out an acceptable deal. Under the circumstances,
I think it is clear that our position is dependent upon
an invitation to participate by Cafarelli.

I am not sure that Cafarelli can bring us a
deal which would be acceptable. In other words, these
situations can only stand a certain amount of overloading
and this one seems to be a bit unfavorable in view of the
sale price you mentioned. I think the only thing to be
done is for you to follow through on these things since
you know the properties.

Very truly yours,

Bill

L. H. Hart

LHH:ES

*Assay on 83' cut.
Surface sheet mat'l:
my oxidized py -
- 150 m. 0.01 g
+ 150 m. Tr. as
free gold.*