

COPY

HENRY D. OTT
1092 Humboldt Avenue
Chico, Calif
5/16/61

Item 6

Mr. C. H. Tuller
Box 65
Rico, Colorado

Dear Mr. Tuller:

Thank you for your letter of May 12th with regard to dredging ground. I own the well known Barber Canyon placer which has some 8,000,000 cubic yards of gold placer suitable for dredging of which about 2,500,000 yards lying in the present-day main wash has been thoroughly sampled.

In connection with gold dredging.. I think the chief point to emphasize is that gold dredging does not involve the risk to capital inherent in ordinary quartz or underground mining, chiefly because gold dredging is actually a large scale gravel handling proposition in which the amount of gold dust and nuggets in the gravels is known before the dredge even starts, and since the cost of gold-dredging is well known, the profit to be realized can be very closely approximate ahead of the dredge installation.

I "pioneered" dragline gold dredging in Nevada, and received my technical training at the University of Rochester and am a post-graduate of Stanford University in Mining Geology. I have had 28 years of experience in the management of mining operations and included in my engineering experience is the fact that I had charge of mineral exploration in Saudi Arabia for ARAMCO.

The property, The Barber Canyon gold channel, is located an easy 40 minute ride from Winnemucca, Nevada, and so is easily accessible. The ground was first recommended to me by W. O. Vanderburg, Engineer of the U. S. Bureau of Mines, and subsequent detailed sampling, conducted chiefly in the present day main wash, in the form of 19 shafts, 9 drill holes and 2 large open-cuts at a cost of over \$40,000.00 has confirmed his opinion.

The intensive sampling of the main wash which is two miles long, has proven that there is \$1,600,000.00 worth of gold there.. In addition to the already tract of gold bearing gravel which lies parallel to the tested channel along its westerly side. This is the bench or rim gravel area which contains from 5,000,000.00 to 6,000,000 cubic yards of late Pleistocene to early Quaternary gravel. This ancient channel gravel is known to contain pay dredging gravel from the fact that an old bed-rock tunnel over 600 feet long has been sampled and runs from 80¢ to over \$1.00 per yard.

Further, there is a very large area of deeper ground which is similar to the Battle Mountain bucket-line dredging tract. This ground lies at the mouth of Barber Canyon, and is composed of "terrace gravels" of the second stage of deposition as described in my geological report. Since the Barber Canyon general area has already produced some \$4,000,000.00 in placer gold from old hand workings which have only scratched the dredging area, it seems apparent that a great deal of gold must have been washed out of the upper channel area and must now lie in the alluvial fan around the mouth of the canyon. The geology of this terrace-fan area is at least as favorable for deeper dredging as is the old fan area at Battle Mountain, where Natomis operated a large bucket-line dredge.

The above dredging area is covered by 320 acres of placer location, called the Golden Nugget and the Golden Nugget # 1 association gold placer claims, which I own outright, plus 140 acres upon which I have a lease and option to purchase.

The proposed dragline dredging equipment for digging and washing the gravels has a rated capacity of 1500 to 2,000 yards per shift or a nominal 6,000 yards per day, which is the same as saying that every working day the dredge can dig and wash enough gravel to fill a train 150 cars long.

I am certain, due to a great deal of experience in this type of gold production, that I will have no difficulty in producing \$2,400.00 worth of gold per "two shift day", and of making a daily net self operating profit of \$1,700 from the thoroughly tested ground. The reason I propose a two shift day is that I want to be personally present at least part of each dredging shift.

Unlimited water from the "flat" below the channel, which is essentially an underground lake some 60 miles long with no outlet.

The gold is coarse and easily saved on riffles with very little black sand. There are no boulders that cannot be handled with a three yard dragline, and virtually no clay. After stripping from 5 to 10 feet, the gravels will average 80¢ per yard, since there is a large yardage which runs from \$1.00 to \$3.00. In short, the thoroughly tested yardage is ideal for dragline dredging, even at the present price of gold.

I believe that our project should be of great interest to anyone who has "tax money" to spend, or to parties who want to "hoard" raw gold as a hedge against inflation. It is not generally known, but it is perfectly legal for an individual to hold raw or untreated gold, which is the kind of gold we would produce at Barber Canyon, in the form of gold nuggets. If a small group should back this project they could receive their returns in gold.

The financing required to install the complete dredge on the ground, as a self-supporting operation, is \$250,000.00 plus some credit, of which about 75% will be spent for machinery and equipment.

My plan is to contact a group of financially responsible people, who will form a corporation to lease the ground from me on the usual 10% gross royalty basis..said royalty to be based either on Mint returns or on a 10% by weight of all gold recovered, at my option.. Just how the ~~"backers"~~ "middle men" like yourself will be compensated will depend on whether the "backers" are willing to pay you a "finders" fee. For my part, I am willing to agree to pay a total of \$10,000.00 out of production on the tested ground, plus a greater amount should the above described additional ground also be dredged, for a contact which ~~will~~ goes ahead with the project...This is in view of the fact that I will have to do most of the "selling" and "closing", and also because I have to pay off the owner of the lower end of the ground.

Under my plan the people who do the financing will have complete control of their corporation and own all of the equipment, while I in turn will manage the property for them, as Field Manager. As regards a salary, although I am used to getting around \$1200.00 per month plus expenses, I would accept \$750.00 per month and expenses, while traveling on company business. I feel that I am best qualified to operate the dredge, especially since I am an expert on Nevada type dredging operations.

June 30, 1961

NEVADA DREDGE GROUND

C. H. Tuller, Box 65, Rico, Colorado

Henry D. Ott, 1092 Humboldt Avenue, Chico, California

Dredge ground. The Barber Canyon, Winnemucca, Nevada
8,000,000 cubic yards
2,500,000 main wash thoroughly sampled.

4,000,000 produced in old operations (hand).
Main wash 2 miles long
Additional 5,000,000 to 6,000,000 cubic yards.
Tunnel 600 feet long - sampled - runs 80¢ to
over \$1.00.

Proposes \$250,000 investment. Ott will lease
ground to corporation with 10% royalty. 10%
of gross gold in gold at his option. He is
to manage operation at \$750 a month salary.

299

Item 6

In order that there will be no misunderstanding at the outset, it must be agreed that the "backers" will buy and install ALL of the items of machinery and equipment as outlined in detail in my report.

This is essential to insure a large scale profitable dredging operation.

I would suggest you forward this letter to your contact in the East, and should he be further interested in this gold dredging project I have a detailed dredging report, assay certificates, and map which confirm my statements above.

Yours sincerely

S/ Henry D. Ott
Geologist & Gold Dredging Engineer

Copied by C. H. Tuller - from original letter
Rico, Colo 5/19/61