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DR. ALFRED C. RULOFSON, JR.  
810 BUTLER BUILDING, UNION SQUARE  
SAN FRANCISCO

January 11, 1935

Mr. Harley A. Sill  
1011 South Figueroa St.  
Los Angeles, California

My dear Harley:

Yours of the 10th came to hand this morning, and I am glad that you still show an interest in Virginia City.

Regarding the Woodville-Justice, I have had two letters recently from Bob Montgomery and Verne Winters, but I have not been to the mine since last October. At that time Bob had reconditioned the shaft and opened stations on the 370 and 490. The 490 station was in very good order and Bob is now drifting north on both levels in ore. Some ore has been milled in Trimble's mill at Silver City. Since, as you know, Justice ores are principally of the sulphide character, and Trimble's mill is an amalgamation mill, results are not as good as we anticipate they will be in a flotation mill. A month ago Bob wrote that he anticipated another thirty days would take him to the hypothetical ore block named by Eagan. As you no doubt are familiar with Bob's ability, it is unnecessary for me to state that I am perfectly satisfied with any results he may be able to obtain.

Since you ask for general information in the district, I might state that a year ago last April Bob's scout, Clyde Garrett discovered the Dixie Comstock, so-called, in Churchill County, about 90 miles from Fallon in Dixie Valley. The first 175 tons of Dixie ore put through Trimble's mill netted about \$58 per ton. This mine is owned 5/6ths by Comstock Keystone, of which Bob is president, and I think Garrett owns the other 1/6th. It is now under option to Pardners Mines Corporation of New York City, but I do not know the figures. The mine is very promising, of good size and fine grade of ore.

The Consolidated Virginia And Andes Mine in Virginia City, although not yet financed, is looking very promising. This for several reasons. In the first place, Zeb Kendall's company, Consolidated Virginia and Ophir on our immediate north line have applied to the R.F.C. for a mining loan of \$450,000. Since qualifications are met 100 percent, there seems to be no doubt about the granting of the loan. Consolidated Virginia Mining Company have recently become the principal stockholder in the Andes, and are working south toward our line with the idea of using the Andes shaft. Con. Va. and Ophir now have blocked out above the 217 level \$2,600,000 worth of ore of an average grade of \$8.18. In addition they are taking from the Mathewes stope ore running

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several hundred dollars a ton, with the same grade still in place.

Today we are meeting with the representatives of New York capital who like the Comstock, particularly the north end, and we are hopeful of disposing of the Andes in whole or in part. If we do not, Kendall, as principal stockholder, will continue the development of the Andes. Last week I retired as president in Kendall's favor, but Harvey and I still retain our interest.

The largest operation in Virginia City is that of the Arizona-Comstock who have over  $1\frac{1}{2}$  million tons of \$10.00 ore blocked out above the 685. Several months ago while trenching for a water pipe across the street, they picked up high grade ore, but of course could not mine in the main street. Going below on the 365, they have encountered this same ore body and in November shipped to the smelter 95 tons which netted \$9669.00. In December they shipped 7 cars of the same grade and this ore body will probably extend to the surface. They have increased the capacity of their flotation mill to 330 tons, and are now building a cyanide mill of 450 tons capacity to handle their tailings, which have been running about \$2.60. Howard Squires retired from that corporation recently and is now managing the Union Consolidated on the extreme north end of the Lode, and also reconditioning the old D street tunnel to penetrate the Gould & Curry.

On the south end, below Silver City, Homer Gibson of Pasadena, is running the Dayton and Spring Valley. Dayton has a wealth of nine and ten dollar ore, and Spring Valley is running double that. Ores from both mines are being put through Dayton's cyanide mill. The mines are about a mile apart and owned by the same company.

There are at least a dozen mines being operated successfully in the neighborhood of Silver City. Two years ago, when you were last up there, the only mills in operation were Trimble's and Donovan's. Today there are at least ten mills, privately owned, and all making money. Silver City has taken on the aspects of a boom town. There is not so much evidence of boom in Virginia City except that it is difficult to find a place to park your car on C street.

I could write a book, if I had the time, on the present developments on the Comstock, but you must come up and see it for yourself to fully comprehend it. The Crown Point, owned by Jim Leonard, is so far the only mine to have been granted an R.F.C. loan for mining purposes out of some 4000 applications. It looks as though Kendall's might be second, and the



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fact that both of these loans have been made to mines on the Comstock, is significant of the value of the district.

I am enclosing brief reports on a mine in Mariposa County, California, in which I have become interested (as a promoter,) and which I think I have already financed. Tell Art Jones that I will give him another chance provided the money that is practically assured should fall down. In explanation of the appraisal of assets accompanying this report on the Prosperity Hill Mine, I might say that the \$250,000 from Paragon Mine royalties comes about in this way. J. P. Donavon (not Bill Donovan of Silver City) as engineer for J. F. Thompson of Forest Hill, sold the Paragon Mine for Thompson's account to the King Gillett interests for \$2,500,000. Out of this Donavon gets  $2\frac{1}{2}$  percent, ~~which~~, or \$600,000. Of the \$600,000 Donavon is placing \$250,000 of his royalty to the credit of the Prosperity treasury; so that to start with Prosperity has an asset of \$250,000. In addition, we are offered 20 cents an inch per day for 2000 inches of water by several people down stream, who cannot get water from any other source. \$400 a day for water is a good business in itself. We own the ditch and have perpetual right to 3000 inches. Instead of having had to pay a couple of million dollars, as Gillett paid for the Paragon, we bought this land from the Railroad Company as timber land for only \$8000. Liabilities of the company are therefore only \$5833.00.

This may sound like a fairy tale to you as it did to me. In order to check Donavon, Walter Bradley of the State Bureau of Mines suggested Victor S. Barber, a then stranger to us, as about the best hydraulic man he knew for the purpose. Barber has been in conference with Donavon, Fred Swanton of Santa Cruz and me, and we feel that we have succeeded in interesting the capital I mentioned above. However, one can't be sure until the money is in the bank and if Art Jones or any of his friends want to take an interest in this property, tell him he had better come up here immediately. In the event of the mine proving a failure as a mine, if the Paragon royalties and the sale of water were insufficient to satisfy them, their money would be returned with 10 percent interest out of Paragon royalties. Donavon estimated the Paragon at 20 cents a cubic yard in spite of the fact that at the time it was closed down in 1884 because of the debris law, government records show it to have been running 74 to 78 cents. Today it is running better than 40 cents. This would naturally cut in half the length of time over which royalties will be paid.

On the accompanying map you will notice a small operation going on at Volcanoville just upstream from the Phelps pit. Two brothers, working with an infinitesimal amount of water, and a couple of wheelbarrows, are taking out one pound of gold apiece a week. That's true! They have the bank in



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Placerville overcrowded with nuggets. This section of channel is virgin for the simple reason that it has never been possible to obtain water for hydraulicing. In the early days old man Daggett carried his ditch down to the Buckeye Mine (marked in lead pencil), and would not give it up to the owners of the Prosperity Channel. Today we own the Daggett ditch with a 50 foot right of way, 12 miles long from Intake, and nobody downstream could get water even if they owned it without its crossing our property. The channel in sections 15 and 16 isn't worth a dime to the owners because they can't get water, and at the expiration of 65 years when we have mined out the Prosperity (or at any time in the meantime) we can get that for a song.

There is no doubt about the existence of this prehistoric channel. It is possible to walk on slate on end all around the rim. It has never been drifted except in two or three spots where marked by tunnels, and this only by snipers who we are permitting to feed themselves because they can't even scratch the property. You know what the Ralston Divide did, although it is much nearer the granite country. Down here in the slates we are right in the source of enrichment, and the appearance of gold taken out indicate its native character.

Say, I'm busy - put on your hat and come up here, and bring Art Jones with you.

I should know within twenty-four or forty-eight hours if this is all taken or not, so phone or wire me before starting. If you want to call me at home after 8:30 in the evening, the telephone is Bayview 1600.

Please give my kind regards to Mrs. Sill and her sister, and accept my best wishes for you all for a Happy and Prosperous New Year.

Very sincerely yours,

*A. C. Purvis*