

-REPORT-

THE KENDRICK AND GELDER SMELTING COMPANY.

SILVERTON, COLORADO

For the year 1902

MINE MANAGER'S REPORT

PAGE 301

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THE KENDRICK AND GELDER SMELTING COMPANY

W.F. Kendrick,
President

Denver, Colo., Dec. 31, 1902

To the Stockholders of the Kendrick & Gelder Smelting Company:

I submit herewith reports of your company's affairs for the quarter ending with the above date. The reports of the manager, the superintendent of the smelter, the superintendent of mines and the auditor of the company are so full and complete that there is little for me to add. Mr. Walter's and Mr. Umbell's reports especially should be both interesting and gratifying to all stockholders, showing as they do that the company's own mines are able to furnish the smelter with a supply of ores carrying gold and silver, and that all the custom ore desired is practically assured. The upraise to connect the several levels on the Henrietta vein will be completed before the season opens, when the output will be limited only by the transportation and milling facilities.

The completion of the wire tramway will occur at the same time and as the smelter is in perfect condition it is safe to anticipate an early opening and continuous operations. There is reason to expect that after the smelter starts it will not be shut down again for years, except for ordinary repairs.

The letter of Mr. George Oliver to the stockholders of The Oliver Reduction Company will be of interest and value as the result of careful investigation by a conservative and successful business man of great experience, and we incorporate it as it is of almost as much interest to the Kendrick and Gelder Smelting company's stockholders as it is to the stockholders of the Oliver Reduction company. Mr. Oliver has been a large manufacturer of Chocoes and Troy, N. Y. His brother, Mr. William Oliver, who took part in the examination and joins in the report, is also a man of experience and wealth. Mr. William Oliver is of Lockport, N. Y. Both these gentlemen are interested in other mining and milling enterprises.

We also furnish to each stockholders, with this report, a map showing the properties of your company located on Red Mountain, also the line of the tramway and The Oliver Reduction company's properties; we also include a vertical cross section map of 2,800 feet in length of the Henrietta vein above the lower tunnel level, also showing the intersection of the Surprise vein and the Henrietta. These maps, we think, will aid the stockholders to better understand the physical condition of the properties.

Trusting that the following reports and the accompanying maps will be of interest to every stockholder, I remain,

Very Respectfully,

W. F. KENDRICK, President.

THE KENDRICK AND GOLDER SMELTING COMPANY

F. C. Kendrick,
Manager

Silverton, Colo., Dec. 31, 1902

MR. W. F. KENDRICK,

President The Kendrick & Golder Smelting Co., Denver, Colo.

Dear Sir: I submit below a report of your property in my charge. Your property now consists of:

The Henrietta Tunnel Site, the Henrietta Lode, Lizzie, Humboldt, Horse Run, Narrow Gauge, Orloff, Hill Side, Snow Drop, Little V., Surprise Jr. Lodes, Mineral King, (surface and tunnel rights), Midnight Lode (lease and bond), all located in Prospect Basin, Cement Creek side of Red Mountain, San Juan County, Colorado. Also power ditch with closed flume one mile long, 300 horse power, located at Silverton, Colo., to furnish power for The Kendrick & Golder Smelting Works.

The landed holdings at Silverton on which the smelter stands contain about 55 acres. The mining claims and tunnel site in Prospect Basin cover 100 acres.

Deeming satisfied with the general course of the Henrietta vein as indicated in the lower workings that it passes through the territory of the Midnight claim, I have secured that claim by lease and bond running one year ~~from~~ Dec. 1, 1902, the bond price being \$10,000.

During the past year we have steadily pushed No. 7 level and other development work under the general plan of opening the Henrietta at great depth and insuring safety and continuous operation during the winter months.

The development work on the mining claims consists of about one mile of underground workings. The principal tunnels are:

- No. 1 - 305 feet in depth.
- No. 2 - 600 feet in depth.
- No. 3 - 802 feet in depth.
- No. 7 - 2000 feet in depth.
- No. 10 - 300 feet in depth..

Levels Nos. 1, 2 and 3 are all connected with upraises, each upraise having heavily timbered and lined ore chutes and ladder ways.

The former records of this section of the mine give a complete record of kind and quantities of ore found in these levels.

After due consideration we concluded to do the most of our work on the No. 7 level which would open up the ore bodies 400 feet lower than the deepest workings in No. 3. We have worked night and day for the past fifteen months and have completed 2000 feet of work on this level alone. The results have proven very satisfactory. After driving 515 feet we encountered a very large vein of quartz running at nearly right angles to the course of tunnel and carrying gold, silver and lead. We continued cross-cutting this vein for 110

feet. At one place we drifted on the vein for 85 feet and found the same character of ore throughout, proving it to contain massive bodies of ore. This we called the Surprise vein, as it was so covered with debris and forest timber on the surface that it had never been discovered. Since our discovery The Mammoth Tunnel Company has opened this same vein about one-half mile further north.

Continuing No. 7 level to a distance of 1115 feet, we cut the Henrietta vein and at this point it was 20 feet in width, containing mostly milling ore but some exceptionally fine smelting ore.

At 1415 feet we encountered a body of smelting ore, from two to four feet in thickness and 160 feet in length accompanying the milling ore. This body of ore is a new find. It is located some 300 feet north of any ore body found in No. 3 level. After passing through this ore body we had milling ore for about 100 feet in length when we encountered a body of 3 to 5 feet in thickness of very heavy smelting ore. The smelting ore necessarily taken out is piled by itself on the dump at the mouth of the tunnel to await the completion of the tram-line.

This last body of ore is almost directly under the first ore found in No. 3 level and 400 feet below it. Finding it at this depth is proof that it is the same ore body extending from No. 3 to No. 7, and that it will furnish many thousand tons of smelting ore and guarantee a steady run for the smelter from this source alone.

The Oliver Reduction Company's tramway from the mouth of No. 7 tunnel to the railway and mill-site can be completed by the time the connections are made between No. 7 and No. 3 levels and the ore ready to move.

The next 500 feet of length on this level should show up larger bodies of ore than what we have yet found, as we have the ore above and have proved that it goes down. No. 10 level is in 300 feet and will cut the vein 300 feet below the level No. 7. We have not been pushing it as we have enough ore in the upper workings to last for several years.

The smelter had a very successful run last season, and with the ore now in sight there is reason to believe that we can earn large profits this season and for years to come. The promise of custom ore is also firmer than it has ever been before and gives additional assurance in case it should be found desirable to take advantage of it.

Respectfully Yours,

F.C. KENDRICK, Manager.

THE KENDRICK AND GELDER SMELTING COMPANY

D. Umbell,
Supt. of Mines

Silverton, Colo., Dec. 31, 1902.

W.F. KENDRICK,

President The Kendrick & Gelder Smelting Company:

Dear Sir: My report for the quarter ending September 30th, 1902, stated that we encountered the Henrietta vein in No. 7 level, as predicted, also gave the figures showing its immense size, the

increased value of the ore over the ore in the upper workings and the immense tonnage that had been opened, sufficient to last the company's smelter and the Oliver mills for years, running to their full capacity.

The development work has been prosecuted energetically and continuously during the past quarter and has proven that the ore bodies are even larger than those above. We have completed over two thousand feet of work in No. 7 level and have drifted in the Henrietta vein over six hundred feet in length on this level. This entire distance is in a continuous body of ore varying from five to over twenty feet in width. The ore consists of both milling and smelting ore in about the same proportion as given in former statements, although we have opened since the last report the largest and most continuous body of smelting ore found in the mine.

We are pushing the upraise to complete connections between levels No. 7 and No. 3 with all possible speed. This will open connections with the upper workings so that all the big ore reserves above can be moved to and through No. 7 level. The connections will also produce thorough ventilation, relieving our power blowers, the power of which can then be used for running more electric drills.

The mine will then be in such shape that the only limit to the amount of ore that can be extracted and handled from the developed ore reserves of the Henrietta will be the capacity of the transportation, milling and smelting facilities.

In addition to pushing the upraise, we are driving ahead into the mountain on the vein in No. 7 and are also driving north on the same vein from the point of intersection of the tunnel with the vein, working day and night with electric power drills continuously in ore, and by the time the upraise is completed there will be several hundred feet more of drifts opened on the vein, which will largely increase the ore reserves.

We are also driving No. 10 level, farther down the mountain, which will cut the Orloff, Surprise and Henrietta veins in the neighborhood of three hundred feet below No. 7 and will also add greatly to the ore reserves, as shown in my last report.

A little north of the upraise from No. 7 tunnel, in excavating for a double track for the ore cars to pass, we broke into what we had considered the hanging wall and naturally supposed to be barren rock, but found instead of wall rock another body of ore. We have broken three and one-half feet into it, but until we cross-out we cannot tell how wide the new ore is or the value of the find.

In speaking of the great amount of ore that can be extracted I have figured the Henrietta vein alone and have not taken into consideration the ore in the Surprise vein, of which I made a statement in my last report, showing the vein to be one hundred and ten feet in width, or more than double the width of an average city street as proven by cross-cutting it with No. 7 tunnel, and while the Henrietta vein is one of great magnitude the present indications are that the Surprise vein is still larger and one of the largest in the state. The surprise is a cross-vein at right angles with the Henrietta and I anticipate that the largest and richest ore bodies to be found in either vein will be opened at the intersection of the two and we are driving north on the Henrietta towards said intersection. The course⁰⁰ of the Surprise vein is through the Henrietta group of your company, the Teddy group of the Oliver Reduction company, the Paradox company's mines and the Mammoth Tunnel & Mining Company's mines.

You can see, if you will take the time to examine the cross section map of the Henrietta-Lizzie vein, showing the system of development, that the ore developed is a mere bagatelle to what the vein can produce above the lower tunnel level.

Your property is in first-class condition in every respect, being always kept up to the standard for which the Henrietta is noted. The drifts and veins are all heavily and substantially timbered, with timbered chutes up into the ore at proper intervals so that the ore can be broken and delivered to the aerial tramway at a minimum cost as soon as connections are made.

I would also reiterate that the mine is in condition to break enough ore to run the Oliver mill and furnish ore for your company's smelter for a long period of time.

Respectfully Yours,

D. USHILL,

Superintendent of Mines.

THE KENDRICK AND GELDER SMELTING COMPANY

E. W. Walter,
Supt. of Smelter

Silverton, Colo., Dec. 31, 1902

To the President and Directors of The Kendrick & Gelder Smelting Co:

Gentlemen: I take pleasure in reporting that the operating of your smelter for the season has shown that the savings of the values have been equal to our expectations.

The metals, as you will note by the following figures, present in every case a satisfying gain and present beyond a peradventure of doubt what we can accomplish with this method of smelting. It should be remembered that most of the ores, the past season, were bought from the open market in active competition with the smelter trust, paying the market quotation for the metals after careful and accurate sampling, while the mines of your company are being opened for economic operations, which will soon be sufficiently completed to furnish the ore direct from your own property.

The gain in gold is due to the fractional amounts in the ore, for which no payment is made. When the ore does not carry \$1.00 per ton in gold the smelters do not pay for the gold and there is very little of the ore that we treat but what carries a small amount of gold, if not enough to pay for, and this at, say, an average of 50¢ per ton and a good many tons per day amounts to a liberal sum in the course of the season.

The gain in silver is a matter of satisfaction, showing, as it certainly does, the care and attention given to the whole metallurgical operation necessary to produce such a gain. With all smelters there is a deduction of 5 per cent. in silver to protect against loss in melting. Our loss was 3.2 per cent. and the balance in our favor 1.8 per cent. This, with the excellent saving in gold and copper, shows a higher percentage of saving of the values by your smelter than by the usual run of smelters.

Our shipments for the season showed 9.9 tons of crude ore concentrated into one ton of rich matte.

We saved in smelting and sold in our matte more gold, also 1.8 per cent. more silver, than we paid for under the market conditions above stated.

I think the matte from your smelter averages as rich as any smelter in the state and as close a saving and, constructed as it is for economic handling, I think we can show that we handle our product at as low a cost per ton as any smelter in the mining regions of the West.

The settlement of the labor troubles, immediately preceding my last report, has caused the resumption of large enterprises and the starting of new ones in this district.

We are now assured of sufficient ore to run the smelter to its full capacity for a continuous campaign. We could have run almost continuously the past year if we could have secured sufficient iron and copper ore for fluxing. This we are assured of now from the Henrietta property of your company. The only custom ore that it will be necessary to buy or treat to run the smelter continuously will be the silicious ores to make the proper mixtures for treating the Henrietta ores to the best advantage.

The extension of the railroad from Silverton to Animas Forks and Burrows Park will open up a new district, including the recent discoveries of the latter place. The natural disposition of the ores from this new territory is directly to your smelter, with the consequent enhancement of the enterprise.

In conclusion, I can say that the outlook is very bright and, with the completion of the plans the company has in view, the near future should see us in the front rank of successful and prosperous enterprises.

Respectfully Yours,

R. W. WALTER,

Superintendent of Smelter.

THE KENDRICK AND GOLDER SMELTING COMPANY

M. H. Simons,
Auditor

Denver, Colo., Dec. 31, 1902

To the President and Directors of The Kendrick & Golder Smelting Co:

Gentlemen: I beg to submit to you my semi-annual report of the financial condition of The Kendrick & Golder Smelting Company, and the mines connected therewith, on the 31st day of December, 1902:

Statement of the condition of The Kendrick & Golder Smelter and Mines, on the thirty-first day of December, 1902.

Capital stock issued for the property...		\$1,000,000.00
Smelter plant.....		111,111.40
Dividend 2½ cents per share.....		25,000.00
Cash, ore and stock account.....		75,960.29
Accounts receivable (good).....		5,262.65
Mining properties.....		212,428.61
Mining improvements.....		6,072.59
Mine Development.....		44,922.62
Supplies (at mine).....		8,009.50
Milling ore developed (as per former report).....		1,409,400.00
*Smelting ore developed (as per former report).....		417,600.00
Capital stock 1,000,000 shares, per value \$1.00...	\$1,000,000.00	
Capital (paid in).....	300,000.00	
Treasury account.....	50,000.00	
Bills payable.....	81,133.00	
Furnace account.....	6,166.29	
Mining and treating developed ore (as per former report).....	925,419.00	
Profits.....	951,581.00	
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	\$3,315,767.66	\$3,315,767.66

*A large amount of ore has been developed that has not been figured in on this report but may be in next one. The company pays all accounts monthly and has no outstanding bills.

Respectfully submitted,

M. H. SIMONS, Auditor.

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