

LOW-GRADE DEPOSIT**Gold Lode Studied
In Costilla County****BY BRUCE WILKINSON**

Denver Post Business Writer

San Luis, the sleepy, ersatz Old Mexico-style village that is the seat of Costilla County, isn't likely to rival Cripple Creek as Colorado's gold mining capital.

However, an open-pit deposit of about 1.5 million tons of very low-grade gold averaging 0.05 ounce per ton that has been drill-tested in the area would carry about \$35 million worth of gold. This would be the approximate gross value of the estimated 75,000 ounces at \$470 an ounce.

There is no certainty the long-known deposit 7 miles northeast of San Luis will be mined, but Earth Sciences Inc. of Golden has entered into an exploration and option agreement with E&B Exploration Inc. of Vancouver, British Columbia, for the joint development of Earth Sciences' El Plomo gold property.

E&B would be the operator of the venture and would be required to spend up to about \$1.8 million in the next 21 months to earn up to a 50 percent interest in the property. After that, until commercial production was achieved, ESI could maintain its 50 percent working interest by matching further expenditures by E&B or might gradually reduce its interest to at least a 20 percent carried position by electing not to contribute matching funds.

IN THIS CASE, E&B would provide the remaining funds to develop the property. ESI will receive \$550,000 of E&B's expenditures for property data, (\$200,000 has been received), and about \$1.25 million will be invested by E&B toward project development.

Peter J. Leveton, president of ESI, said drill-testing by ESI has established the presence of about 1.5 million tons of gold mineralization in two surface deposits ranging from 0.03 to 0.15 ounce per ton but averaging 0.05. Initially, the joint venture will do advanced metallurgical testing of the existing deposits and may test a 2,500-foot-long zone between the two deposits to determine if there is substantial additional mineralization.

Leveton said there never has been a producing mine on the private property where the deposits are located but that the mineralization was investigat-

ed as long ago as the early 1900s. The property was acquired many years ago by the van Diest Skilling family.

Skilling was an early mining engineer graduate of the Colorado School of Mines, and the property remained in the family's hands until it was acquired by ESI for exploration in 1972. A mining lease was acquired in 1975. The deposits extend to a maximum depth of 120 feet.

LEVETON DESCRIBED the material as a low-grade deposit of the type that is being mined in several areas of the Southwest. EBI is mining a similar type of material in Nevada using percolation leaching similar to the heap leaching that has been done near Cripple Creek in recent years.

Leveton said the ore grades for the El Plomo deposit are "consistent with ore grades for this type of process." Even though gold has backed off roughly \$300 an ounce from its high early in 1980 into the \$470-\$480 range, Leveton said, "The project appears to be economic with current gold values. The current price of gold still provides for what appears to be a very attractive project."

ESI has worked closely with the San Luis community to keep people advised as to what the company's plans are. The operation would not be labor intensive. The mining would be done with earth-moving equipment. Material would be transported 5½ miles from the mine to a plant site for leaching. He said if the project reaches the production stage, 22 local workers will be employed out of a total of 30.

E&B operates the Sterling gold mine near Betty, Nev. An affiliate of Sedimex Mineral Exploration GMBH of Frankfurt and Munich, West Germany, EBI invests capital advanced by Sedimex and a subsidiary, Gemoex Development Inc., in various joint-venture projects.

H.G. Emanchuk, president of E&B, said, "E&B plans to conduct an aggressive program on the El Plomo property which we hope will lead to development and initial production from the ESI gold deposits in the near future."

ESI is a Golden-based mineral resources company with chemical production facilities in Pittsburg, Calif., and Calgary.