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Kansas-Burrough Property  
Gilpin Co., Colo  
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COLORADO SCHOOL OF MINES  
GOLDEN, COLORADO

THE KANSAS-BURROUGH PROPERTY,  
NEVADA MINING DISTRICT, GILPIN COUNTY, COLO.

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This property is located on the north slope of the well known Quartz Hill, about one mile from the railway station at Central City, the county seat of Gilpin County, which is also the terminus of the northely branch of the Colorado & Southern railroad; and about two miles from the town of Black Hawk, where are situated the principal ore reducing mills of the district.

The property consists of a consolidation of adjoining claims on three large well defined lodes, namely, 1714 feet on the Kansas lode, 884 feet on the Burroughs lode, and 345 feet on the Sullivan lode, the last two named being one lode intersecting the Kansas lode and known as the Monroe east of the intersection and the Sullivan lode west of the intersection.

The Kansas lode and the Burroughs lode are two of the most famous lodes of the district, having been discovered in 1859, the year of the first discovery of gold in the state, and having a record of gold production of several million dollars. These lodes dip toward each other, the Monroe lode lying between them, and all of them having been worked through the several shafts hereinafter mentioned, either direct or through cross-cuts..

The property is cut by the famous Newhouse Tunnel a short distance west of the Phoenix shaft, and at a depth of about 300 feet below the bottom of said shaft. At this point the lodes seem to have joined in their downward course, as in the tunnel but one large lode appears, this being about eight feet in width. A test of several carloads of ore taken from the tunnel crossway was reported by the tunnel management to show a paying mine.

The development of the property is represented principally by three shafts---the Phoenix, or the La Crosse, shaft on the Burroughs lode, and the Pease and University shafts on the Kansas lode; the main working shaft being the Phoenix, which is 1330 feet deep.

The development in the deeper workings of the property are about as follows:

1200 foot level (so-called), depth 1080 feet, drift west 600 feet and east 500 feet.

1300 foot level, depth 1190 feet, drift west about 300 feet and east 350 to 360 feet.

1400 foot level, depth 1305 feet, drift west 220 feet, east 200 feet, and sump 15 feet below the level.

The bottom or 1400 foot level showed at the time of cessation of work a lode about four feet in width, with about three feet of smelting ore. The three above named working shafts are fully equipped with adequate hoisting machinery. The above statement as to depth, length of levels and showing of ore in the bottom is the report of the mine foreman at the time of suspension of work.

The tunnel has not drained the mine perhaps owing to sediment in the bottom of the mine, but connections could soon be made from the Newhouse Tunnel that would drain the mine of all water; or if the water was taken out from above and work going on I am satisfied the water would drain off. It is generally believed that in driving both east and west from the Newhouse tunnel water crossings will be met with that will drain the mine without making connections with the shaft.

After the mines are drained they can be worked at a great profit both from the shafts and the tunnel. To keep the water pumped from the previous workings it cost about \$2000 per month, besides the delay to mining and inconvenience in other ways.

By leasing a mill at Black Hawk the ore can be treated very cheaply. The mines are all connected with the Gilpin County Mineral Tramway. By using the Waugh power drills for stoping, a drill that can be used by one man, one man can accomplish more than six men could at the time the mines were last worked. At that time all stoping was done by hand, also most, if not all, of the drifting.

The mine has always been a large producer. Between June 1, 1897, and June 1, 1902, it produced \$1,189,651., and in another statement I find that from 10,808.7 cords there was an average yield of 3.30 ounces of gold per cord. With the improved methods of mining and milling these figures can easily be doubled, besides which there will be no water to contend with.

The terms for a lease and option are as follows: The lease will be for two years, dating from the time the unwatering of the mines is completed, providing work is prosecuted diligently and in good faith. The royalties are 12 1/2 % on the mill ore, after the cost of hauling and milling is deducted; and 17 1/2% on all smelter returns, after smelting charges have been deducted. The option price is \$200,000, to be paid as follows: \$50,000 within twelve months after the mine is drained, \$50,000 in eighteen months, and the balance in two years.

Leasing parties are to drive each way from the Newhouse tunnel on the vein not less than 40 feet per month in each drift, an easy matter with power drills. The tunnel company furnished power, I understand, on very reasonable terms.. Royalties will not apply on purchase price. If preferred, the lessees, instead of paying royalties, may pay 6% per annum on the purchase price, interest to be paid quarterly. They may then work in any manner they please, keeping the mine securely timbered. In this way they will pay no royalties whatever. If this plan is adopted, the lessees will be asked to give notes for the purchase price, which will be a claim against the property only.

The Newhouse tunnel, running underneath the property 300 feet below the bottom of the deepest shaft, solves the water problem which formerly had grown to great proportions, and re-make the Kansas-Burroughs mine. Not only will the tunnel drain the mine in the future and eliminate pumping expense above the tunnel level, but it offers an easy way to open the mine at a very small expense. The mine may now be opened from below through the tunnel, and worked both above

and below the tunnel level, and pay ore taken out immediately which will, it is believed, more than pay the cost of operations.

By beginning work on the vein from the tunnel, drifting east and west, the Phoenix shaft should be reached easily within three months by upraising, and the upper workings drained. The lease is to date from the time the unwatering has been completed..

In working the vein from the tunnel, thirty to forty tons of ore per day could be taken out. At a conservative estimate of \$8 per ton NET, this would show a profit of \$240 per day, on the 30 ton basis, and \$320 per day on the 40 ton basis. For the 90 days' work in tapping the Phoenix shaft, the mine would earn, upon this estimate, from \$21,600 to \$28,800. The expense for equipment to carry on this work, and also put the upper workings in condition to resume their output after draining, is estimated approximately as follows:

Working from tunnel end:

6 power drills, \$400 each,	\$2,400
12 stoping drills, \$200 each,	2,400
Timbering,	2,000
Rails,	500
Power	3,000
Interest, 6% on \$200,000, to be paid if preferred instead of royalties,	3,000
Powder,	1,000
	<u>\$14,300</u>

Equipment of upper workings:

Retimbering where needed,	2,000
Repairs to building and machinery,	1,000
Drills, etc.,	3,000
Total,	<u>\$20,300</u>

Against this outlay is the estimated earnings, amounting to \$21,600 on the basis of a 30 ton output per day. When the property is drained and worked from both the tunnel and upper levels, the production can be made practically whatever the lessees desire.

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It is conservative to say that the mine can turn out 200 tons a day for a long period of years. This, on a basis of \$8 a ton net, means an annual profit of \$584,000. From this it will be seen that it easily be possible to exercise the option the first year.

Although the upper workings have already yielded over \$2,000,000, the ore bodies known to exist have only been scratched. The past workings have not exhausted over one-tenth of the ground on the lodes above the Newhouse Tunnel level; and now that this tunnel drains the mine it can in the future be worked to as great a depth below the new tunnel as it was formerly worked below the surface, as the water in working below the tunnel will have to be pumped only to the tunnel level. This gives a general idea of the immense possibilities of the property.

(Signed) Stephen Hoskin.