

1611 North Mesa Avenue,  
El Paso, Texas, June 7, 1940.

NM Mine File No. 203

Mr. A. J. Inderrieden,  
1031 East River St.,  
El Paso, Texas.

Dear Art:

Deadwood Mining Company,  
Hogollon District, New Mexico.

I have looked over the papers you had recently on this matter, which included letters from Messrs W. T. Houser and Earl C. Cleaveland, dated May 22, 1940, and a report by the latter, who is one of the principal owners, dated March 30, 1940.

The last page, 19, of the report list the favorable factors.

You should also consider the following: the mine will need considerable money for cleaning, preparation, and development; the metallurgy will need study, and the mill will undoubtedly need considerable revamping and additions; ultimately, the power house will need a considerable addition or revamping, between 250 and 400 H.P.

The ore bodies should not be expected to go much deeper, say about 200' deeper than the 5th Level. But, since the shaft has already reached the 6th Level, sinking will not be needed for a long time.

Beside additions in depth prospective ore reserves include; tonnages between the upper levels and the outcrops; tonnages in the Queen and Split Veins; tonnages resulting from extensive prospecting at long distances to the south, where gold values are likely to increase.

For the present the overall bet for ultimate prospective tonnage should not be laid at higher than 200,000 tons, possibly a six-year life.

The present values of about \$9./ton, divided about equally for values of gold and silver, might be increased slightly by more careful mining. There would not appear to be much profit in this stuff on a 100-ton daily basis. Moreover, except for about 50,000 tons, the ores have yet to be found and developed.

The property might have been attractive in 1935. But, as I indicated the other day in some detail I think that gold and silver mines have now a very poor outlook unless they show high margins of profit. I think that they will be pushed out of the picture in the near future by: rise in labor and supply costs; and scarcity and/or prohibition of both labor and supplies.

Consequently, I should advise strongly against expenditures on this property sooner than Nov. 1, 1940, when the the outlook for the future of critical factors may be clearer.

Sincerely yours,