



CONTACT INFORMATION
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Arizona Geological Survey
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Tucson, Arizona 85701
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LA PAZ MINING, INC.

File
Misc Correspondence
EGH to

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 · 325-1514

April 28, 1987

Jefferson Creek Mining Ltd.
P. O. Box 427
Pasco, Washington 99301

Gentlemen:

We have received information on a mining property being for sale owned by your Limited Partnership.

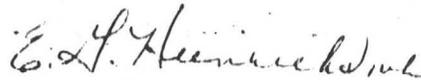
However, further information is needed, such as:

1. Engineer's reports and maps including geology, assays, etc.
2. Title information; water right information.
3. Unpatented claim Affidavit of Annual Assessment work.

We do not pay for reports sight unseen, as you suggest in your letter of March 20, 1987. If you want to sell the property, please send the information to the letterhead address.

We average about two submittals a week for our review and evaluation. If requested to do so, we do return the data with our comments.

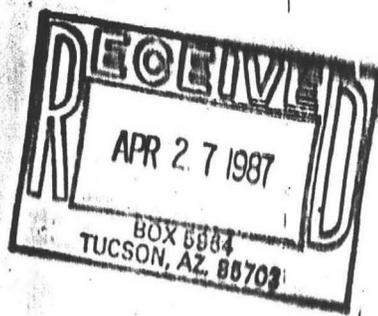
Sincerely,



E. Grover Heinrichs
President

EGH:vh

March 20, 1987



Dear Sir:

Jefferson Creek Mining, Ltd. (a Limited Partnership) is offering for sale it's holdings which consist of mineral property and miscellaneous placer mining equipment. These holdings have not previously been offered for sale. They consist of:

34 Acres of patented property (approximately 175' x 8,000') including water rights.

480 Acres of contiguous placer mining claims.

60 Acres of load claims

The asking price for these holdings is \$2+ million (negotiable).

Jefferson Creek Mining, Ltd. consists of a group of individuals who reside a considerable distance from the property and have no background in commercial mining. Contracted managers with mining expertise were employed the seasons of 1981 and 1982 to establish a mining operation and to mine the property. These efforts were not cost effective for "reasons other than the values contained within the property". What actual mining was accomplished, (moving approximately 250 yds. of material in 1982), resulted in the recovery of a considerable quantity of gold in the form of nuggets ranging in size from $\frac{1}{4}$ " to $1\frac{1}{4}$ ". The recovery of fines was minimal.

If you or anyone you know may be interested in the purchase of these holdings, I would appreciate it if you would furnish them with this information.

Upon request, by interested parties, further information is available in the form of a twenty page notebook describing the property in respect to location, topography, geology, recovered values and estimated potential.

For this information package, a \$15.00 charge is necessary to cover reproduction and postage costs.

Jefferson Creek Mining Ltd.
P.O. Box 427
Pasco, Washington 99301

LA Par stationery

Dear Sirs, (a mining property owned by)

We have received information on your Ltd. Partnership being for sale.

However further information is needed such as:

- 1. Engineers Reports & maps including geology, Assays etc.*
 - 2. Title information; water right info.*
 - 3. Unpat. claim Affidavit of Annual Assessment work*
- We do not pay for reports site unseen, as you suggest in your letter of March 20, 1987.*
If you want to sell the property please send the information to the letter head address.

We average about two (2) submittals a week for our review and evaluation. If requested to do so we do return the data with our comments.

Sincerely EG14

EQUIPMENT INVENTORY

Excluding the 10 x 30 trailer house and misc., the listed equipment is not at the property site.

22B Dragline - Track mounted, 3/4 yd. bucket, deisel engine. Good condition, was operating fine upon storage.

50 Hp Deutz Pump - Deisel, 4" pump, 10" suction nose and foot valve, 600-800 gal. min.
Purchased new (200 hrs.)

4' x 24' Trommel - Punch Plate, trailer mounted, newer Datsun engine, gear and chain driven. Attached sluice. Trommel was re-built at a cost to us of over \$25,000.00. 40 hours running time on rebuild.

10 x 30 Trailer house - Poor condition (equip. storage only).

Misc. 8" Steel pipe, pipe trailer, sluice box segments.

March 20, 1987

Gentlemen;

Enclosed you will find information concerning exploration and operating history of our Jefferson Creek Mining properties.

Initial exploration has conclusively demonstrated the property contains a significant amount of gold. Recovery of values will require the proper mining expertise. Our attempts on two consecutive seasons have shown we have neither the expertise nor resources to properly develop the property. Accepting this, we have determined it to be in our best interest to sell the property contingent upon our receiving a fair and equitable price. Potential buyers should carefully weigh the risk versus return of such an undertaking. Lacking either expertise or adequate financing will escalate the risk to ultimate success.

To date, our exploration--mining efforts have covered only a very small portion of the total properties. Several low grade gold bearing veins were uncovered during this activity. Considering the length of the property (15,000'), the quality and quantity of gold recovered and the history of adjoining properties, open cut hardrock operation of hygrade veins could be extremely profitable. No consideration has been given to this area of profit potential in our establishing the property price.

Our price was determined by evaluation of test holes, panning results, research of Montana School of Mining, contact with old miners visiting the property, and most importantly, the size, configuration and quantities of gold we actually recovered. Based on this, we are asking Two million five hundred thousand dollars (\$ 2,500,000.00) for the entire package. Again, no value was given to the timber, land or hardrock potential though they could prove significant. We have been contacted by several logging contractors and parties interested in the property (following mining) for subdivision and development of summer cabin sites.

We've received numerous inquiries from various parties wishing to continue mining operations of the property on a contractual percentage basis. Be assured the present owners are not interested in any form of lease or contract mining.

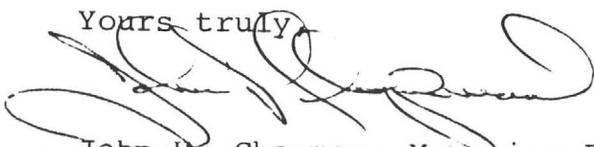
We would prefer to sell one-half interest in the entire operation or, as a second option, would sell it in its entirety. Until and unless this happens, we will merely keep the property.

Should you have further interest, following your qualification as a capable buyer, we or our authorized representative would be available to accompany you on an inspection of the properties. Because of the geographical separation, some advance notice will be required. Inspection of the property without our representative is not possible because of trespassing restrictions, locked gates and local patrol. Additional questions may be directed to the below named individual.

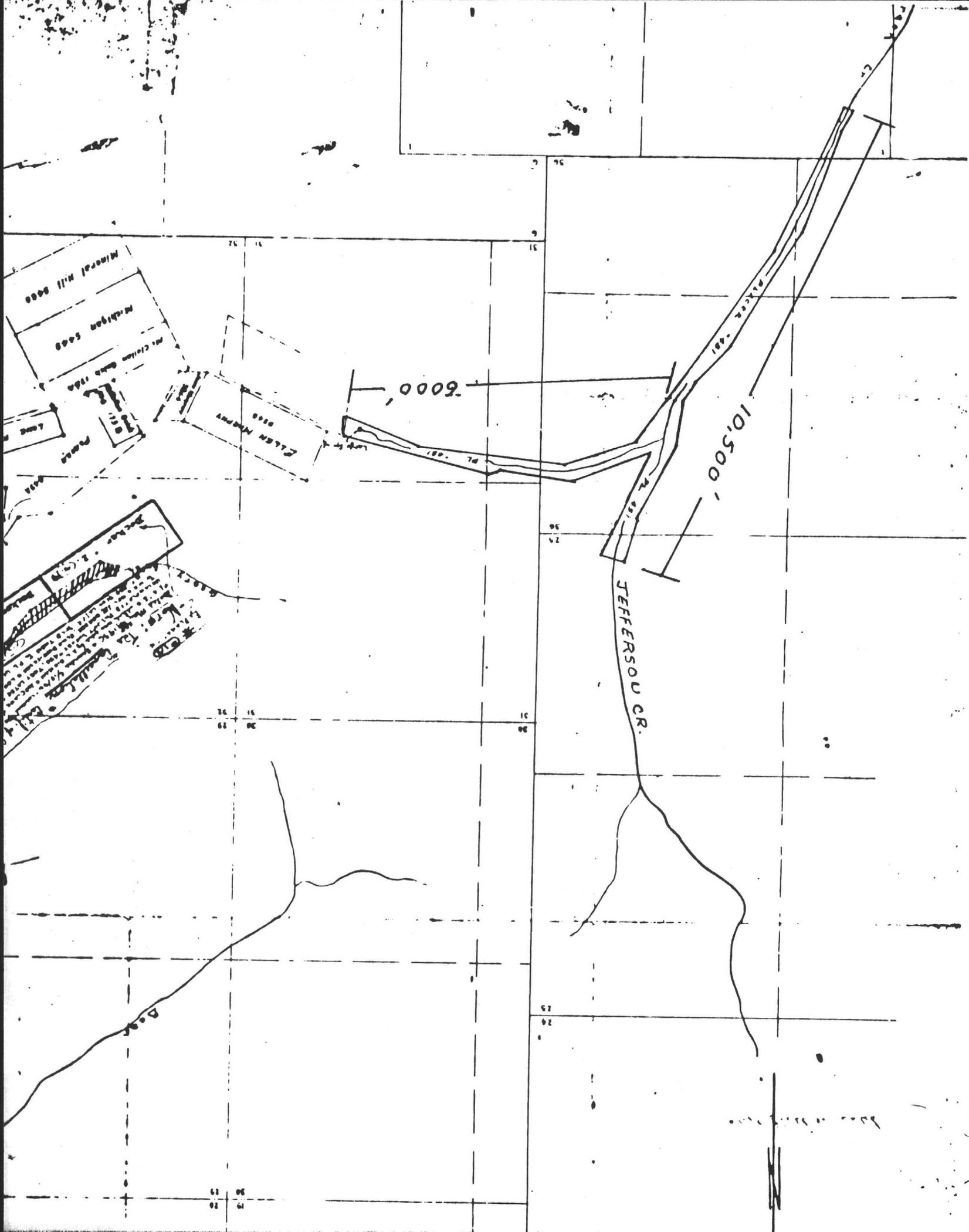
In closing we again ask you to thoroughly consider our objectives. Unless your plans and capabilities are compatible with our stated objectives, reaching agreement will not be possible.

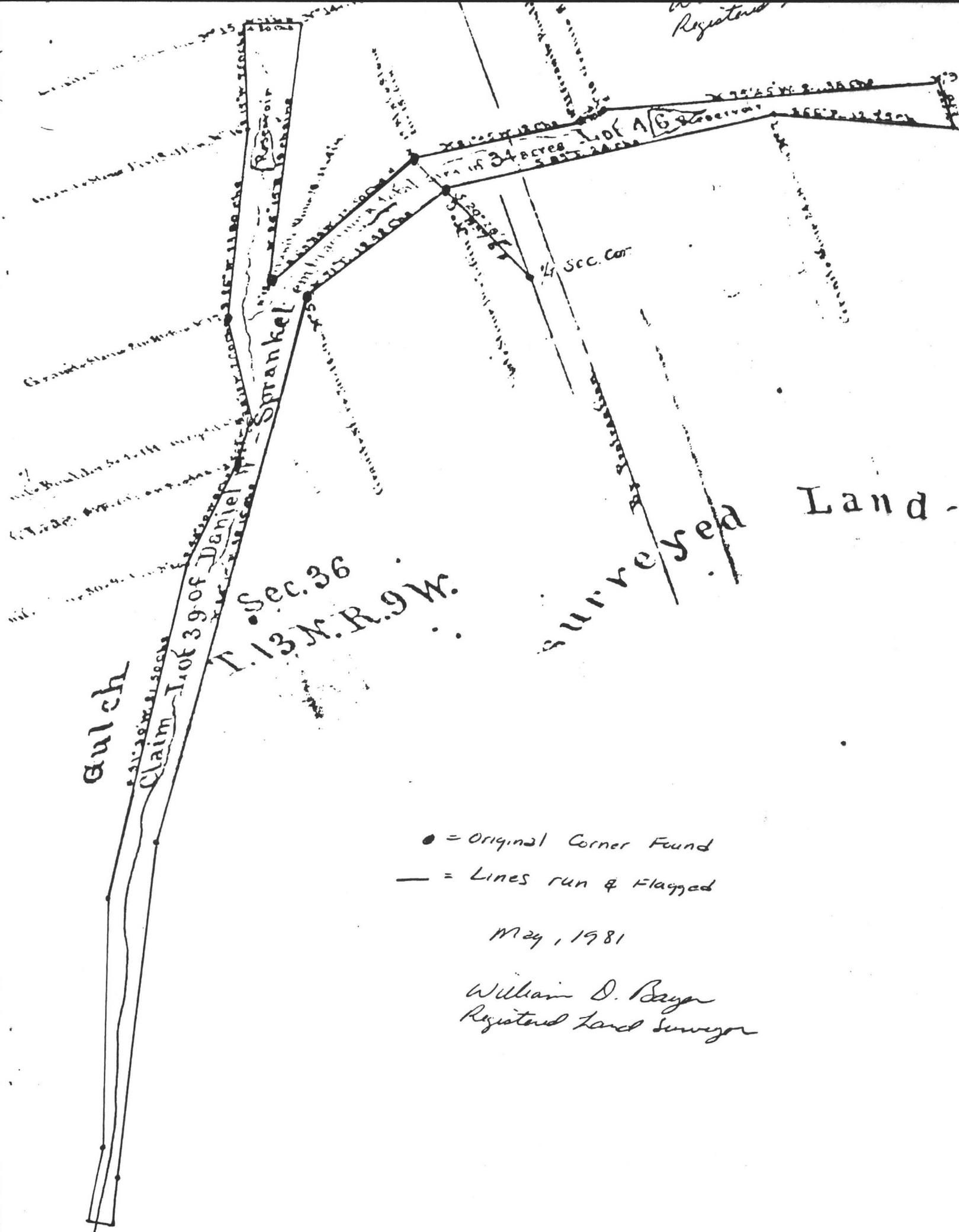
Thanking you for your time and consideration I remain

Yours truly,



John H. Chapman, Managing Partner
Jefferson Creek Mining, Ltd.
PO Box 427
Pasco, WA 99301
Phone 1-509-547-9739 Monday--Friday
1-509-946-6088 Saturday--Sunday





UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Date Received
August 14, 1981

MINING CLAIM RECORDATION RECEIPT
43 CFR 3833.1, 3833.2 and 3833.3

Retyped August 20, 198

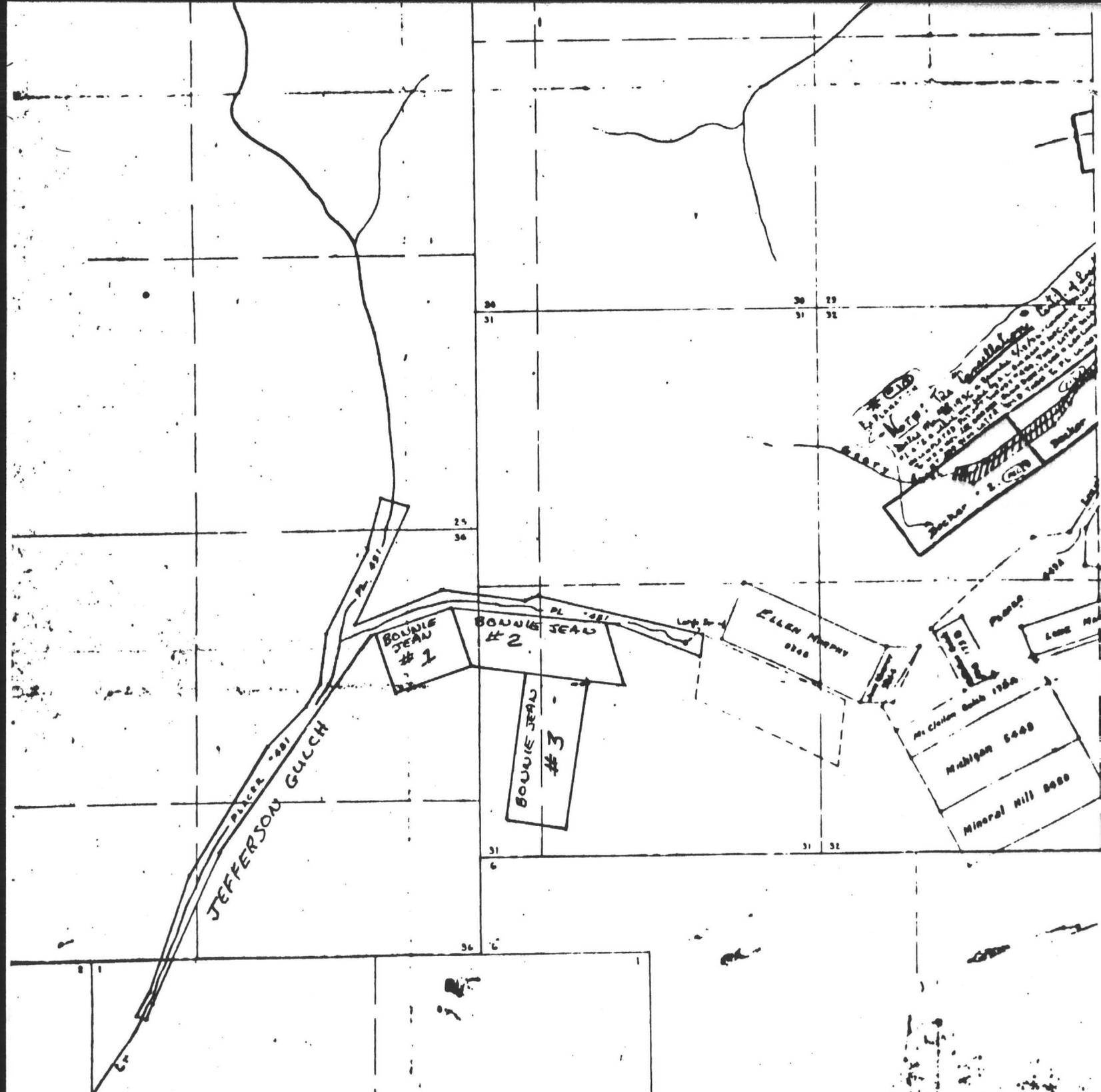
Name	• Tom R. Norton	John H. Chapman	•
Address	2010 Turner	Thomas J. Skelly	
City	Richland, WA 99352	99 Lee Blvd.	
State		Richland, WA 99352	
Zip	William E. Young		
Code	• Northside Auto	Maloy, Stephen, Michael & Debra Sensney	
	Deer Lodge, MT 59722	d/b/a Sensney Family Partnership	
		902 Parkside	
		Prossor, WA 99350	

This acknowledges the receipt of:

- Evidence of annual assessment work for the _____ assessment year.
- Notice of Intent to Hold for the _____ calendar year.
- Recordation of your notice or certificate of location.
- Other — _____

NOTICE TO CLAIMANTS: Please be advised that this acknowledgement does not verify that your claims have been located on lands open to mineral entry. We encourage you to visit the nearest Bureau of Land Management office to check the official land records maintained by the Bureau of Land Management to ensure that your claims are not located on private fee lands or Federal lands that are not open to mineral entry. Our staff can assist you in the use of the land records, if necessary.

MINING CLAIM SERIAL NUMBER	NAME OF CLAIM OR SITE	DATE OF LOCATION	LOCATION OF CLAIM
The owner of these claims is: Tom R. Norton			
M MC 77845	BONNIE JEAN #1	June 18, 1981	T.13N., R.9W., 36NE½
M MC 77846	BONNIE JEAN #2	"	" R.8W., 31SW½
			" R.9W., 36NW½
M MC 77847	BONNIE JEAN #3	June 25, 1981	" R.8W., 31SW½
The owners of these claims are: Tom R. Norton, John H. Chapman, Thomas J. Skelly, William E. Young, Maloy, Stephen, Michael & Debra Sensney			
M MC 77848	JEFFERSON GULCH #1	June 18, 1981	T.13N., R.9W., 25SE½
M MC 77849	JEFFERSON GULCH #2	"	" " 36NE½
M MC 77850	JEFFERSON GULCH #3	"	" " 36ALL
M MC 77851	JEFFERSON GULCH #4	"	" R.8W., 31N½
M MC 77852	JEFFERSON GULCH #5	"	" " 31S½
			Miles L. Morgan Land Law Clerk



TOM NORTON
 BONNIE JEAN #1, 2, 3
 N : 77845 - 77847

RANGE 9 WEST RANGE 8 WEST

TOWNSHIP 13 NORTH

PATENTED CLAIMS

13

24

25

19

30

20

29

32

JEFFERSON GULCH
NO. 2 PLACER
72 ACRES

JEFF GULCH
NO. 2
110 ACRES

JEFF GULCH
NO. 3
47.22

MS 545
38.22

MS 453

3 38.64
3 38.05
1 18.94
2 11.99
5 14.52
8 38.22
110 ACRES
15132

JEFF GULCH
NO. 4 PLACER
97 ACRES

JEFF GULCH
NO. 5
97 ACRES

399512
D/C

15132
NO. 5

3 42.78
5 8.15
6 26.98
4 23.82

MS 450

4718

1527
31354
D/C

10 31.84

5 39.96
6 29.20
7 37.48
8 38.94
12 42.45

1 33.47
2 41.11
1 30.56

SEE SUPPLEMENTAL PLAT NO 1

15237

3 31.96
2 34.56
3 35.10
6 32.09

1 37.08
4 40.18
5 46.95

MCCLELLAN GULCH

1 35.36
2 1.57
3 47.68
6 38.25
7 28.16
9 46.18
8 3.70
4 40.05
3 14.06
2 0.58
25-75-0031

7 29.71
MS 450
1790
1 18.80
4 25.00
5 36.90

T. 13 N., R. 9 W. T. 13 N., R. 8 W.

JEFFERSON GULCH

Patented Claims
Unpatented Mineral Sur.

"1983"
PLAN OF OPERATION
JEFFERSON CREEK MINING LTD.

SUMMARY

The primary effort of "J.C.M." this past season was to develop a more efficient recovery system utilizing a trommel washing plant. Time lost in refitting used equipment afforded a rather brief period of production and allowed little opportunity for critical testing and exploration. In retrospect, sufficient data was collected that would support a more successful operation this coming season. The geographic setting of this deposit dictates a limited annual work period, usually mid April Through October, requiring an early readiness to maximize production. The property does however, show exceptional potential in gold values and with proper tooling along with expedient mobilization, next summers efforts could certainly be financially rewarding. The purpose of this report is to recap the past seasons efforts and set forth a plan of operations for "1983", bearing in mind those points essential to reach an efficient and complete recovery of both product and investment.

LOCATION & OWNERSHIP

The property lies within the Helena National Forest approximately twenty-five (25) air miles due north of Deer Lodge in Western Montana. The claims encompass the upper portions of Jefferson Creek with its origin at or near the crest of a ridge-line separating the Blackfoot River drainage north and the Nevada Creek drainage south. From its origin the stream flows southwest through the boundary joining Lewis & Clark County North and Powell County South eventually terminating at its confluence with Nevada Creek. Approximately five hundred (500) acres of placer claims (including thirty-four patented and sixty lode acres) are contained within sections twenty-five, thirty-one, and thirty-six, townships twelve & thirteen north, ranges eight & nine west of the principal meridian of Montana.

The deposit is reached via an improved county road originating at the fifteen mile marker of Montana Highway two hundred that traverses northeast along Jefferson Creek for approximately six miles to an elevation of six thousand feet. From an established camp just two miles below the property, broad valleys and basins rapidly change to steep sloping V-shaped stream channels. Dense stands of Lodgepole Pine with a more limited growth of Douglas and Alpine Fir cover these slopes. The majority of this timber is marketable locally for house-logs or power poles and should certainly be

considered an asset to property ownership.

Mine property titles are in good standing and controlled solely by Jefferson Creek Mining Ltd., a general partnership, of 319 West Clark, Pasco, Washington 99301.

The camp-site consisting of bunk-house, cookhouse, shower and change room, along with suitable equipment marshalling area, has been secured through lease arrangements between "J.C.M." and Mr. Ted Kieley of Avon, Montana.

HISTORY & PRODUCTION

To date, limited data exists regarding early placer production from Jefferson Creek. One must rely on verbal accounts by local miners or refer to production reports of adjoining properties.

Sparse amounts of data were collected from the "Montana Tech" library in Butte during a brief visit in "1982". The Pardee-Shrader report (USGS 1933, 117-19) states that between "1870" and "1930", the Lincoln area produced a minimum of \$10 million in gold & silver of which \$7 million came from the McClellan Gulch placer alone. This certainly adds credence to the validity of purported values on the Jefferson Creek

side simply because it adjoins McClellan at the ridge crest and most probably exhibits an identical ore genesis. At present market value, that early production from McClellan gulch would exceed \$80 million dollars.

Recent mining activity within the confines of Jefferson Creek tends to validate the existence of high gold values. The "Hunt Bros." operation on a lower section boasted an average production of three ounces per hour (verbal-Hunt). Other reports of the same property indicates one seasons production reached a sum of 48-hundred ounces (verbal-local miners). To validate such claims would be difficult if not impossible without actually working the property for a season or two.

The plan of "1982" was to introduce an efficient recovery system coincident with a concerted study of both placer and potential Lode deposits within the property boundaries of J.C.M. Delays in fabrication however, dictated that production begin immediately following equipment placement, leaving minimal time or opportunity for necessary evaluation. In essence, a thorough testing program remains to be completed. Recoveries exceeding one ounce per hour in coarse gold were recognized throughout daily ten-hour shifts, washing an average of two-hundred yards of gravel. Very fine particles of gold, exceeding one-half ounce per hour, were consistently collected and it was not uncommon to recover

individual nuggets heavier than one ounce. Based on last years production, J.C.M. should expect to produce between ten and twenty ounces daily, utilizing similar equipment.

GEOLOGY & ORE DEPOSITION

Within the immediate vicinity of Jefferson Creek, evidence suggests two major periods of igneous activity. Both were accompanied by contemporaneous periods of mineralization and characterized by intrusion or extrusion of magmas of diverse composition although granitic rocks predominated. The earlier boulder batholith was intrusive where the later tertiary magmas made their way to the surface. The intrusion of these magmas into the Local Host (belt series?) resulted in both contact metamorphism and tension fractures throughout the region. The tension fractures, eventually filled with mineral rich silica solutions (Hydrothermal) were formed by cooling and contraction of the magmas. Epithermal in character, these fracture-filled veins seldom extend one-thousand feet laterally and five feet in width. The enriched portions of these veins rarely exceed five-hundred feet vertically below their uppermost outcrop. It is the erosion through repeated periods of glaciation of these deposits that has enriched the local drainages with mineral values.

It is the writers opinion that geology within the upper reaches of Jefferson Creek tends to parallel the lower to intermediate horizons of local epithermal deposits, thereby allowing for the coarse specimens extracted. Close proximity of the ridge-line along with sub-rounded to sub-angular gravels also indicates the area to be a former valley-glacier headwall, of which many throughout the region have been suggested. This could certainly account for the relatively high gold values since erosion would be restricted due to glacier mass and limited water.

SUGGESTED PLAN OF OPERATIONS "1983"

TESTING & EVALUATION

In late August "1982", J.C.M. finally delineated an enriched zone of gravel. Delays in locating this particular pay streak were compounded by many events which can and must be avoided in the future. A prepared section exists for work to begin immediately next season containing both coarse and fine gold particles of economic value.

Prior to the commencement of any production it is highly recommended an extensive period of thorough sampling and evaluation be completed.

The present mineable area is a rather wide arena along the stream drainage and dictates the zone should be divided into block sections for both sampling and production purposes. (Ref. Diagram #1)

Sample pits should be equally spaced throughout these block sections, flagged, and tied via Brunton-Chain survey to permanent monuments. Total acreage of these sections need not exceed the mineable limits of one season, yet potentially high-grade areas upstream and along the north arm should be evaluated in a leap-frog pattern.

A small portable wash-plant should be utilized for testing, typically that type manufactured by "Young Machinery" of Deer Lodge, Montana. It may be necessary to transport all sample materials from pit to the plant, centrally located for water requirements.

All gravels from surface to bedrock should be tested to verify the existence of one or more enriched horizons. Collected data will delineate more favorable targets for production purposes.

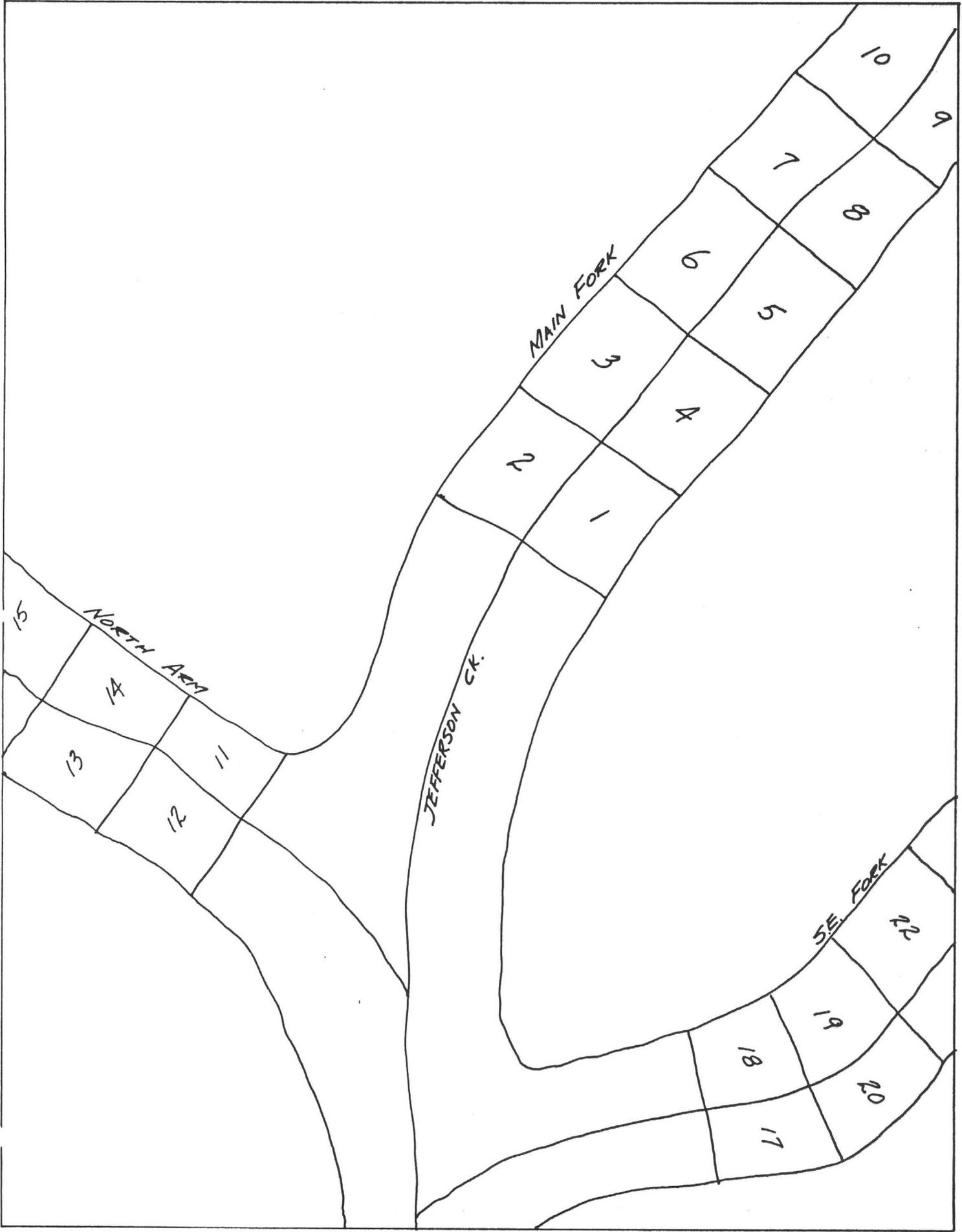


DIAGRAM #1

Several lode deposits are evidenced by a considerable amount of quartz float along hillsides. These veins are possible feeders for placer values and should be tested via trenching and channel sampling. A complete evaluation of both the lode and placer deposits that lie within J.C.M.'s holdings might require an entire summer season but would delineate the most favorable zones and establish criteria for a proper plan of operations.

PRODUCTION EQUIPMENT

Last season invaluable knowledge and experience was acquired regarding both plant recovery systems and property potential at Jefferson Creek.

Aside from fabrication delays, the primary drawback of the trommel recovery plant was feed restriction. Excavation equipment (225 CAT power-hoe) was capable of handling four to five hundred yards daily, while the plant was limited to accepting an average of twenty yards per hour or two-hundred daily. Restrictions were due in part to feed size and reduced water volume. These problems could easily be corrected by installing a hopper grizzly along with increasing pump capacity.

Upon reaching the sluice box, the majority of gravels

were well separated with considerable fines being collected. Recovery of fines appeared to be an improvement over that of the prior season, yet volume handled was certainly down.

Due to these restrictions, considerable research and discussions regarding a better recovery system have been taking place since late August "82".

Inasmuch as the trommel acts merely as a classification system - is limited in handling capacity as it exists - and may be unavailable this coming season; the writer recommends a more innovative yet proven system be considered, namely a wobbler feeder in tandem with the "R.M.S." sluice box. (Ref. Packet)

The primary argument for the selection of this unit is capacity, yet other factors including simplicity of operation and loading are but a few. Boulders and oversize material can be removed ahead of the sluice allowing for more thorough separation and efficient collection of fine particles. A spec-list on the feeder and sluice are included with this report. (Ref. Packet)

Outside of the trommel and possibly the pump system, a similar equipment package should satisfy production estimates for "1983". Regardless of what system selection is made, all tools and materials must be in complete readiness for mobilization to the camp-site no later than mid-April "1983".

PLAN OF OPERATIONS

In order to maintain a proper accounting and establish a systematic mining scheme, the proposed plan of block handling should be given priority consideration. (Ref. Diagram #2) Based on sample data, efforts can be concentrated within more favorable blocks where mining should continue non-stop for at least thirty days. Additional work should be based on results of this initial phase and because it is somewhat short, equipment leasing might be considered.

If testing proves the majority of values to be near bedrock, the various blocks, as indicated in the diagram, will be sequentially worked out. Overburden will be removed to within eight feet or less from bedrock utilizing the dozer. Burden removed, pay gravel will be excavated and placed in the wash plant utilizing a power-hoe. Oversize discharge material along with waste fines can be removed via conveyors or with the loader.

Each block dimension will be roughly fifty-foot square by six feet deep, containing approximately five-hundred-fifty cubic yards of pay gravel.

The bulk of time utilized in this system will be spent in preparation and extraction whereas the recommended plant is capable of handling the entire block of pay gravel within two or three hours.

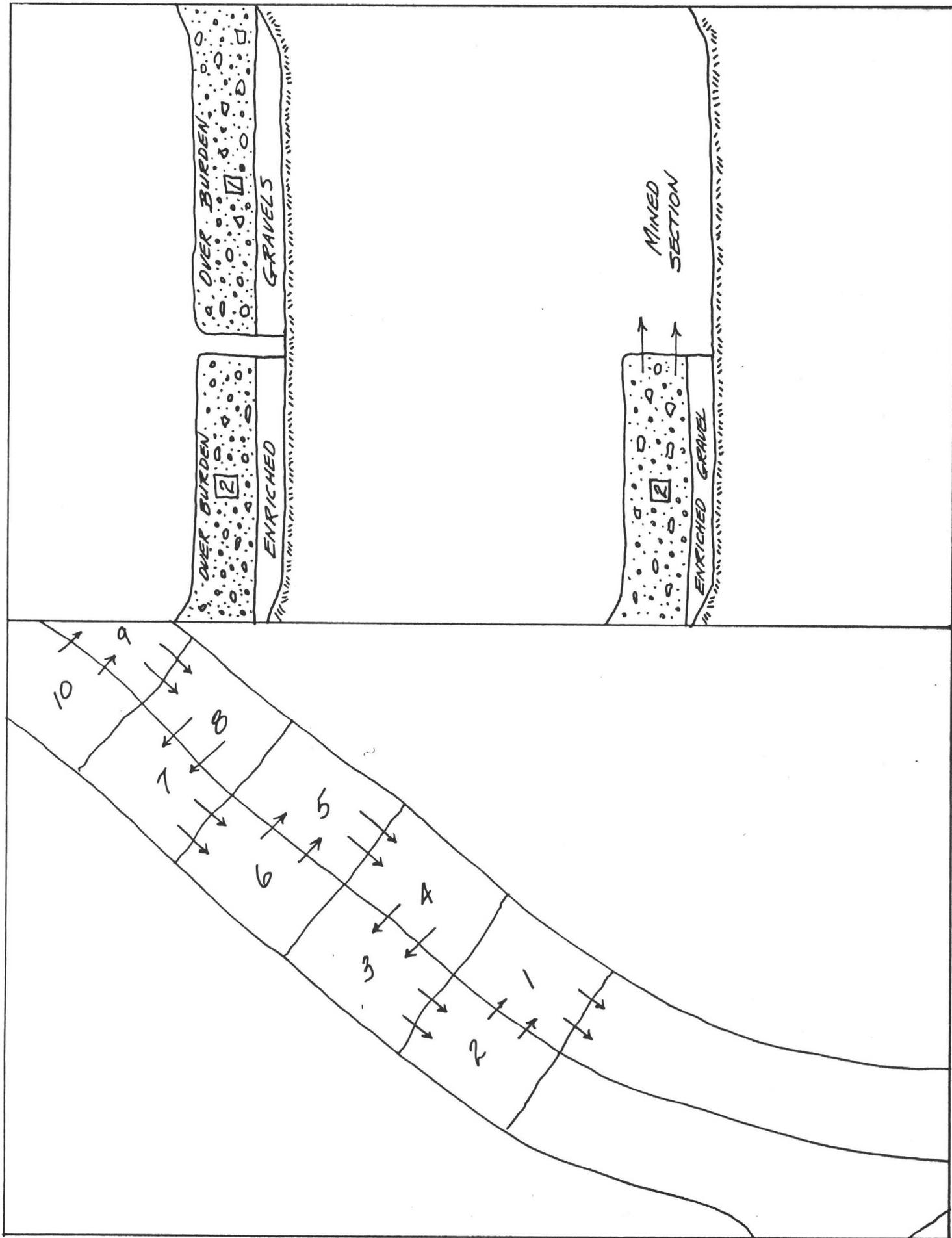


DIAGRAM #2

ESTIMATED RESERVES

To date, efforts have been concentrated within the thirty-four acres of patented holdings and reserve estimates relate strictly to these gravels. Mineable limits of J.C.M. holdings exceed over four-hundred additional acres which demand immediate evaluation.

Averaging one-hundred feet between sidelines, the present work area extends upstream along the south arm of Jefferson Creek approximately one additional unworked mile. Totaling an approximate volume of one-hundred-ten-thousand yards, this parcel represents an estimated six thousand ounces in gold. Considering this parcel to represent about one-third of patented gravels only, the potential for total mineable acreage and higher gold values establishes a very encouraging future for this deposit.

Revised Estimated Reserve

Previous reserve estimates were based upon ounce per hour and ounce per yard as shown on the preceeding pages. Subsequent information (provided by an individual of considerable mining expertise and reputation) has shown tailing samples leaving the recovery system averaged \$ 58.00 per yard in values. These findings became known following this individual's laboratory assaying of samples gathered on a visit to the property. At the time of his visit, we were using a static sluice attached to a trommel. Due to owners' limited mining expertise, the efficiency of the recovery system was not questioned. Considering estimated gravel reserves, estimated gold reserves based solely on actual recovery, then adding the \$ 58.00 per yard tailing loss it became obvious reserves as previously identified to be considerably understated.

Contact with the aforementioned individual can be arranged through the present owners of Jefferson Creek Mining, Ltd.

