

What Happened at Gold Creek?

When the annual report of the Gold Creek Mining Company was issued a few weeks ago, there was considerable amazement among those who read it. There had been some talk, in Baguio at least, of a depletion of ore reserves, and of a conflict with Benguet Consolidated over boundary lines.

This, in a nutshell, is what the report said: the ore reserves are 30,000 tons, with a total contained value of around P452,500; Gold Creek milled a considerable amount of ore belonging to Benguet Consolidated for which they would have to pay. Ore reserves were supposed to be at least P1,000,000 higher than the figure given above; the life of the mine has thus been shortened to a few months. The estimated profit now amounts to approximately P100,000, instead of P500,000 (figures as of February 12, 1936, quoted from statement by J. B. Stapler of Marsman and Company.)

Journal readers will remember the story of Gold Creek which appeared in the June, 1935 number; how the company was organized in November, 1930; how varying estimates of ore reserves were made from time to time; how different offers for the treatment of the ore were made; how the contract with Antamok Goldfields was finally accepted on August 23, 1934.

The Gold Creek set-up, which is somewhat involved, is as follows: Antamok Goldfields is milling Gold Creek ore, on a 25-75 split; Marsman and Company was engaged by Gold Creek to check on mining and milling; the Keystone mine, owned and operated by Benguet Consolidated, is next door to Gold Creek.

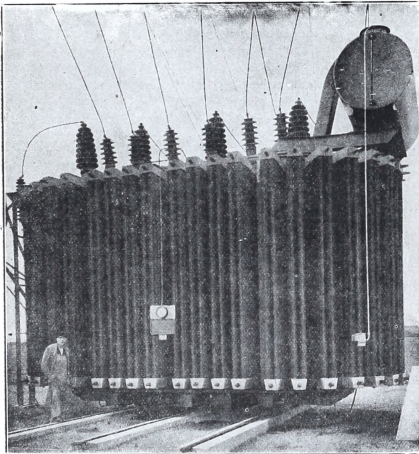
How did Gold Creek happen to get into Keystone ore? No one knows exactly what happened, but the fact remains that there was a mistake in the survey made of the Antamok Goldfields mine some years ago. Ordinarily a mine survey is checked and rechecked several times, so that mistakes are eliminated. In some way, however, this particular survey was not checked, or, if it was checked, the mistake was repeated. Workers in the Keystone mine heard the Gold Creek miners, checking with their maps, they discovered that the Gold Creek property was not within bearing distance. An investigation followed, with the result that Gold Creek found itself in the embarrassing position of having been taking out ore belonging to Benguet.

The two mines settled the trespass amicably; although no figures have been made public, it is understood that between P35,000 and P40,000 was paid to Benguet as the profit made on the "stolen" ore.

What about the ore reserves? No mistake in accuracy here, but rather a difference in opinion by a number of reputable engineers.

J. H. Sampson, general superintendent of Antamok Goldfields, now head of the engineering staff of the Soriano interests, predicted 82,157 tons with a contained value of P3,800,000; A. F. Duggiehy, chief engineer and head of the Benguet-Balatoc technical staff, thought there would be 40,426 tons with a value of P1,170,000 (G. O. Searle, formerly chief geologist of Benguet Consolidated and now with Consolidated

(Please turn to page 27)



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date mining claims filed in forest reserves. This bill, remedying defects in administration following from the decree of Governor-General Stimson in 1927 establishing forest reserves, was passed by the legislature in 1935. As many mining claims in the Baguio district and other districts of the Mountain Provinces were affected, never-ending litigations would have resulted regarding titles to property had this not been passed by the legislature. That was an accomplishment of the association that cannot be overemphasized in its relation to the security of the industry.

"Prior to the organization of the association there had been little contact between the operating personnel of one mine with that of the others. The meetings of the executive committee held at various mines brought about, however, a fine spirit of cooperation."

East Mindanao's New Mill

It will be in operation in September, and will be the first large-scale mining project in Mindanao

The first of what probably be several gold-producing plants in the Mindanao district has been ordered for the East Mindanao Mining Company, at Placer, Surigao. It will have a capacity of 100 tons a day, and will follow the general practice in the Islands for cyanidation. Past issues of the *Journal* have told you of the early history of East Mindanao; how operations were started in May, 1934; how development worked progressed steadily until in June, 1935, officials of the company announced that they were nearly ready to start planning a mill.

Test work on the East Mindanao ore was done at the Balatoc mill through the courtesy of Judge John W. Hausor-mann and A. F. Duggleby. E. M. Bagley, Balatoc mill superintendent, and E. C. Bitzer, assistant mill superintendent, did this work. Their tests were favorable from a milling standpoint, and a preliminary flowsheet was drawn up.

Moving ahead conservatively, East Mindanao continued with mine development, however, before the proper mill capacity could be determined. Not until the end of 1935 was the final decision made. At that time the ore reserves were sufficient, considered in relation to the financial strength of the company, estimated capital and operating costs, to warrant the construction of a 100-ton mill. Once again the aid of the Balatoc mill experts was called upon; Bagley was retained as consultant in the final design of the flowsheet and specification of major equipment.

The contract for the construction of the mill building and the erection of machinery was signed with the Engineering Equipment and Supply Company. All major items of mill equipment have been ordered by the company itself, and actual work has been started.

The initial unit of the power plant, consisting of a 300 h. p. Worthington Diesel engine and G. E. generator, have arrived at the mine. Erection is proceeding under the direction of J. C. Thomson, master mechanic. The second unit of what will be a 600 h. p. plant is scheduled to arrive in June.

Underground work not being neglected. In preparation of the first stoping blocks, so that ore production can start at full capacity as soon as the mill is ready, F. H. Wood, mine superintendent, is working his crews at full speed. Development of new ore on the 400 level of the Mindoro vein, and exploration of interesting showings on some of the other claims, is being continued.

East Mindanao's staff is headed by J. B. Knaebel, mine manager. F. H. Wood is mine superintendent; W. B. Foard, night foreman; J. C. Thomson, master mechanic; R. C. Meaders, assayer and engineer; F. Esiek, bodaga and surface foreman; Mrs. R. C. Meaders, accountant; Mrs. J. B. Knaebel, nurse in charge of dispensary; Miss Elsie Thomson, stenographer. The general office of the company is located in Cebu, with H. Gasser, president, in charge.

What Happened...

(Continues from page 18)

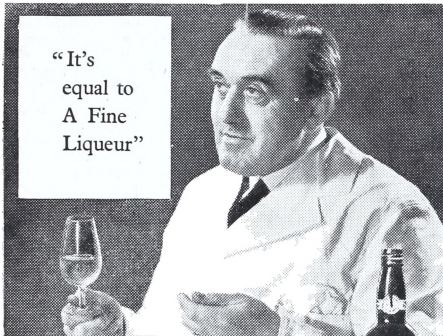
Mines, helped Mr. Duggleby with the examination); J. B. Stapler, one of the mainstays of the Marsman and Company engineering staff, predicted that there wouldn't be 50% of the Duggleby estimate. So far, Mr. Stapler has been right.

Part of the variation in ore reserves came from the fact that the boundary lines were not correct; hence the engineers estimating ore reserves were misled as to the extent of the property. This was not the main source of disagreement, however; the engineers, in looking over and making estimates in exactly the same area, simply could not agree.

All of which seems to go to prove that gold is where you find it, and that no ore reserves are, strictly speaking, positive ore until they have gone through the mill and their gold extracted. Usually, of course, engineers examining the same property will read the signs in pretty much the same way; there is but slight difference of opinion when two or three conservative engineers evaluate a property. There are many exceptions to this rule; Gold Creek is a good example.

Actual operations during the year were quite satisfactory. Production from April-December was P435,312.71. Operating profit was P163,639. The balance sheets shows a net profit of P58,940, as of December 31, 1935.

What will happen? No one can say. Engineers in the Baguio district say that the ore will be exhausted within six months; others say that new ore may be opened up. L. W. Buchanan, mining engineer for Marsman and Company who has been in direct charge of the Gold Creek contract, expressed the hope in his annual report that several of the workings might develop new ore reserves. The next few months will tell the story!



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