

BONTA'S BONDS FLOATED, MORTGAGE RECORDED.

Five Millions Available For Construction of a Road Into John Day Valley.

Friday The Miner stated that the Baker City Herald would publish in the afternoon an authentic account of the successful flotation of the Bonta railroad bonds. It did so, to the extent of several columns. It says: "The biggest mortgage ever filed in Baker county was presented to County Recorder Robert Henry at the Court House yesterday for engrossment on the official records. The mortgage is given by the Baker City-Oregon Wonder Electric Railway company, by its president, James W. Bonta, and its secretary, W. G. Drowley, to the North American Trust company, of New York, for five million dollars.

"The document secures the payment of five million dollars worth of first mortgage debenture bonds, bearing date September 1, 1903, payable in fifteen years, bearing interest at the rate of six per cent per annum, the first interest payment being on the first day of March, 1904. The bonds are issued in a series of \$1000, each, and have been underwritten by the above named trust company.

"The mortgage covers also the railway, which is to begin at a point at or near the corporate limits of Baker City, and which traverses a route over the Upper Burnt River divide into the valley of the John Day river. All branches and spurs, rolling stock and miscellaneous equipment is included in the mortgage.

"The mortgage is signed by the Baker City Oregon Wonder Electric Railway and Improvement company by president, James W. Bonta, and Secretary William G. Drowley, and by the North American Trust com-

pany, by its vice president, Norman Dowd. George C. Holton, appears as witness to the transaction.

"The filing of this mortgage is the consummation of one of the most gigantic enterprises for industrial development ever inaugurated in eastern Oregon—the construction of the Bonta electric railway from Baker City over the Burnt river divide into the fertile valley of the John Day river. The railway was originally planned to afford an outlet from the mines in Grant county owned or controlled by Major Bonta and his Pennsylvania associates, but as the project progressed toward consummation the original plans were enlarged to include the ultimate extension of the line south and southeast of the Blue Mountains, to open up thirty-odd million acres of fertile lands which are at present without means of transportation."

Then follows a history of the enterprise, in which it is stated that after Major Bonta had decided to buy and develop a mining property in the John Day country, he began the investigation of the cost of transportation of supplies and machinery from the O. R. & N. at Baker City to the mines. Rates were secured from the Sumpter Valley railway, which runs from Baker City to Whitney, a total distance of approximately forty-two miles. These rates were absolutely prohibitive. He, therefore, determined to build a railroad himself, this investigation having demonstrated that such an enterprise would be a money maker, aside from the fact that it would be necessary to carry on his own mining operations.

That is the way the Sumpter Valley road has aided in the development of eastern Oregon.

MEETING OF MINE OWNERS AND MANAGERS

A strong contingent of prominent mining men was here yesterday in the interest of perfecting the organization of operators and managers which was taken up a short time ago in Baker City. This organization is for the protection and mutual benefit of those engaged in the mining industry in eastern Oregon.

Those in conference here yesterday were P. W. Bradley, of San Francisco, owner of the Bunker Hill and Sullivan and Badger, Arthur Buckbee, of the Virtue, Frank Baillie, of the Columbia, Emil Melzer, of the North Pole, James Howard, of the Goleconda, J. S. Wyatt, of the E. and E., L. R. Bellman, of the California, Peter Basche, of the Basche-Sage hardware company and Albert Geiser of the Midway and Tabor faction.

With an exception or so the party left on the delayed train last night for Baker City, where it is understood a further meeting was to be held today.

GOOD AVERAGE VALUES AT THE VALLEY QUEEN

Tom C. Gray, superintendent of the Valley Queen, came in last night from the mine and has some very cheerful information to impart to those interested in that property.

The drift on vein No. 1, originally designated as stringer No. 1, has proceeded a distance of fifty feet, and the face is in ore which averages \$18.64, according to a late assay. Of this value \$18 is gold and sixty-four cents silver, and the samples were averages of the entire face, including tail, which is showing in some quantities, and everything else.

The width of the vein is now five and a half feet. Mr. Gray says that much of this ore has been panned at the mine and in no instance has it failed to reveal colors.

Some days ago, Mr. Gray says, he opened up tunnel No. 1, some distance above the main working adit, to give a prominent engineer an opportunity to make an expert examination. In the opinion of this engineer, veins No. 1, 2 and 3, all of which show in the lower workings, converge to the south at depth and form a large and valuable deposit of ore, which is the vein showing in tunnel No. 1.

The facts regarding the Valley Queen seem to warrant the conclusion that phenomenal assays are not to be expected, or in other words, it is not a specimen mine, which the experienced mining man abhors, but one which will develop substantial and permanent bodies of ore, averaging between \$18 and \$40 in value to the ton. These ores are easy to reduce and readily converted into the marketable commodity. The stockholders in this company may rest assured that the operations at the property are being carried on in a conservative and systematic manner.

GROSS VERSUS NET VALUATION

How The Buyer And The Seller of a Mine Arrive at a Fair Figure.

The process of proper sampling and valuing a mine is one involving an amount of labor and responsibility on the part of the engineer, or other person making the estimate, which is proportional to the development of the mine and the value involved. As mines may be bought, though possibly not being offered in the market, there are two sides to the question of the value of a property—the owner and the buyer. Each side may be represented by one or several persons, or each side may be a corporate company. In any case the position of either side is essentially similar.

The owner, or his engineer, blocks out the mine, samples every accessible portion of it, and all samples are assayed. The result, comprising the number of feet or inches in width of each sample taken, is plotted on a mine map. Each block of ore, with its several samples, widths and values, is figured separately, and from this data the value of the mine, as represented by the sum of all the blocks, is calculated. This is the gross value, and if the work of measurement, sampling and assaying has been carefully done, valuable information has been secured, upon which the owner may fix his own ideas of the net valuation of his property.

There are many instances where the owner and prospective buyer may, and do, readily arrive at the gross valuation of a mine—actual, probable and possible—but the harmonizing of the ideas of net value is often a difficult and sometimes an impossible thing. The owner naturally figures as closely as he can on expense and investment, and arrives at figures representing the net value of the property from his point of view,

but which figures are greatly at variance with those of the possible purchaser, who is not prone to under estimate. The owner may figure a stated amount for mining and reduction and deduct these from the gross assay value, and find a large net profit in the property.

The would-be buyer may or may not be willing to accept the figures of the seller as to working costs—presuming that they have already agreed upon the gross value. The buyer argues that it is improbable that the ore can be worked closer than 90 per cent of its assay value, and it may not yield this much. He also figures that the getting of the metal (base or otherwise) to market or mint will cost something. He estimates the cost of equipment, if the mine is not already equipped, or extensions and necessary changes in plant, and also adds an interest charge to capital invested, all of which may have been omitted or overlooked by the seller. The buyer figures for net results, the seller for all he can get, and, owing to these conflicting views, many sales, after expensive investigation and long continued negotiation, fail and are never consummated. A favorite argument of the seller is "the mine has produced so many thousands, or millions," as the case may be, when in reality this is a poor argument for the seller, as the mine can never reproduce those millions, though other millions may yet still remain. In the earlier years of mining in the West investors took desperate chances, and large fortunes were lost in consequence, though here and there were exceptions so notable as to prove a strong incentive to others to venture. In days of excitement mining deals are easy of accomplishment; but when the days of adversity come, as they always do where extravagance and unsuitable methods have prevailed, these must give place to economy and scientific practice, and men then learn to judge the real merit of a mine and fancy prices fall.

The investigations and valuation of mining property has been reduced to a science, in which the element of common sense plays an important part. Nearly every factor in the valuation of a developed mine can be arrived at with almost a certainty. Why, then, should there be a conflict of opinion as to the actual value of any mine? If this can be satisfactorily adjusted between the two sides to a deal, the prospective value may also be fixed in a way which should be satisfactory to both sides. —Mining and Scientific Press.

FOOT WALL ENCOUNTERED AT PLATTS GROUP.

Bert Rusk, who has charge of the development work at the Platts group in the Rock Creek district for the Geiser-Hendryx company was in town attend the K. of P. dance, last night.

Work is progressing, he says, and good headway is being made. The crosscut is now in over 100 feet, and has encountered the foot wall.

Granite Quarry Will Resume.

It is reported that N. C. Haskell, of Baker City granite works, will soon resume operations at the Haines granite quarry, and will employ a large force of men. The Haines granite is becoming very popular throughout the Pacific northwest, and has gained the reputation of being equal and in some respects superior, to the famous Vermont granite. This is an industry which promises to become an important one, and will do much in advertising this locality. —Haines Record.