

Bunker Hill and Sullivan Mining and Concentrating Company.

MINES AND WORKS AT WARDNER, IDAHO.

F. W. BRADLEY, MANAGER.

POSTOFFICE ADDRESS, KELLOGG, IDAHO, April 16th, 1899.

F. W. Bradley, Esq.,

Delamar, Idaho.

Dear Sir,-

I have your letter of the 8th inst. with form of contract submitted by Rust for the proposed new arrangement with the Tacoma Smelting Co. It differs materially in some respects from the form prepared by me, and which was prepared in accordance with the explanation furnished by you of the arrangement you had made with Rust. The most important difference is that Rust limits the maximum amount of metallic lead which we shall deliver him, and this maximum is not as great as our probable output under present conditions. And if we take into account the life of the proposed contract, which is to be five years, in which time we shall probably considerably extend our operations, we may find ourselves with a considerable part of our product to be disposed of elsewhere. Of course, if this maximum is all that Rust can possibly handle, I suppose that is all we can expect him to contract to receive, and on our side, of course, we should be glad to contract even a part of our output at the favorable rates provided in this contract. But as to our surplus, we should not be in a very favorable position, and should have to take for it whatever we could get, while our idea has been that if any outside smelter wanted a part of our ore, they could only get it by paying the Tacoma rates. I figure that our output of metallic lead will be from 50 to 55 tons per day when running full time, and Rust proposes to take not to exceed 44 tons of metallic lead, which would leave us say 10 tons of metallic lead, or about 20 tons of ore per

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day to dispose of elsewhere.

In our form of contract we reserve the right to route the ore ourselves. Rust omits this in his draft.

The average grade of the shipping ore we place at about 45% lead. Rust puts this at an average of 40%, and he might claim afterwards that because the lead ran higher than 40%, it was not the ore contemplated by the contract, and that he would be entitled to a higher rate for treatment because of the extra amount of bullion which would be produced from the ore, on which he would have to pay refining charges. He also puts the grade of the 2nd class concentrates lower than we do, although his ^{figure} is nearer what it has been running lately.

In our form we provided that settlements should be made on the basis of New York quotations, the settlement to be made on the same quotations as those used, from time to time, during the life of the contract, by the Colorado smelting companies in their settlements with other Coeur d'Alene mines. Rust provides that settlements shall be made on the New York quotations of the day of shipment. The quotations to be used being the official New York quotations furnished by Behr and Steiner and Handy and Harmon "Or such other quotations as may hereafter be adopted by smelters in buying silver and lead from mines in the United States." I think in this respect Rust's proviso is better than ours, as at present we have to wait three days after a shipment is closed, which sometimes delays closing our reports.

I see nothing else in the draft of the contract as submitted by Rust to which exception can be taken.

Yours truly,

Edw. Purbridge