

UNION PACIFIC SYSTEM

UNION PACIFIC RAILROAD COMPANY
OREGON SHORT LINE RAILROAD COMPANY
OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY
LOS ANGELES & SALT LAKE RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA

FWC 19 JAN

1369
JEK 19 JAN

CARL R. GRAY
PRESIDENT

January 16, 1923.

Mr. R. S. Lovett,
Chairman, Executive Committee,
Union Pacific System,
New York City.

UNION PACIFIC SYSTEM
EXECUTIVE DEPARTMENT

JAN 16 1923

J.W.C.

Spur from Park City Branch to
East Portal Ontario Drain Tunnel

Dear Sir:-

TP 18 JAN

The Park City Mining Company of which Mr. G. W. Lambourne is President, and which controls the Judge Mining & Smelting Co., The Daly West Mining Co., The Daly Mining Co., and Park Utah Mining Co., has completed a three mile drainage tunnel from the lower levels of these four mines easterly through the mountain to a surface opening lower than the lowest level of the mines, which carries by gravity drainage from the mines and also waste.

After completion of this tunnel, they have found that it is very much to the advantage of the mines to stope and drop their ore down to the lowest levels and take it out through the drainage tunnel than it is to hoist the ore through the present shafts. In order, however, to operate successfully through the drainage tunnel, it is necessary for them to have transportation to that point.

Mr. Lambourne has requested that we endeavor to build a spur that will serve the east portal of the tunnel, stating that if this is done the entire output of these four

mines will be shipped via our line to the Salt Lake Valley Smelter. 88 percent of the present output of these mines is now shipped via the D. & R. G. During the first 11 months of this year, these mines shipped a total of 68,431 tons, of which only 7,860 tons were shipped via our line, the balance being shipped via D. & R. G.

In addition to the four mines above mentioned the Ontario Mining Co., controlled by Mr. Bamberger, is also so situated that it can ship through the Ontario Tunnel and for economic reasons will probably do so, if the east end of the tunnel is provided with transportation facilities.

X
The Park Utah Mining Co. is a recent development, near the east end of the tunnel, that has promise of a materially larger production than heretofore, and reports indicate that a substantial mining district will be opened near the east end of the tunnel. During the first 11 months of last year, the Park Utah Mine hauled 21,100 tons through the tunnel and thence by truck to the D. & R. G. station at Heber, Utah.

The tunnel has been built so it is of sufficient size for handling both the drainage and the ore and has been electrified for handling of ore.

The attached plan shows the location of a spur track 5.32 miles long from our line that would be required if we serve the tunnel. The Judge Mining & Smelting Co. are also now working on a proposition, and it is altogether probable that they will locate their concentrators at a point

near the junction of this spur and the present Park City Branch, where they have already secured the necessary ground.

By the construction of this spur, based upon the 1922 output, it is estimated that we will secure an additional 70,000 tons of ore with increased earnings of approximately \$135,000, in addition to material and supplies and equipment that we would handle. These additional earnings are only predicated upon present output, while the prospects are very good for a material improvement in the tonnage.

The estimated cost of the spur track, including right of way, is \$360,151. The possibilities from this spur are so good that I believe we should build it and I recommend approval.

Yours very truly,

Original Signed By
C. R. GRAY

K. Y. ✓

MEMO. FOR MR. KING:

ONTARIO BRANCH

Construction of an extension 5.37 miles from Keatley Jct. on the Park City Branch to Keatley, Utah - near east portal of the Ontario Drain Tunnel.

A.F.E. Form 12 #19 approved Feb. 27, 1923 authorized \$360,151 to cover cost of construction and there was expended \$356,526 to Dec. 31, 1925, unexpended balance of \$3,625 carried over to 1926.

It was stated "that this branch is desired to increase ore traffic from mines operating through Ontario Drain Tunnel, and to secure a greater proportion of the business originating at that point and now largely handled by D. & R.G.W.R.R. Estimated that system will derive revenue on approximately 65,000 tons of ore annually - with probable increase as mines are developed; and on stock shipments, as well as on necessary incoming supplies."

To test accuracy of the predictions relative to expected Traffic - information was drawn from Traffic Forms 883 for the nine months ended March 31, 1926 and from Forms 775 and 776 for the month of April 1926 - thus affording a view of the traffic situation in and out of "Keatley" during the ten months ended April 30, 1926.

Form 883 shows "cars" and "system revenue" while Forms 775 and 776 show "cars" - "tons" and "system revenue" and average loading per car during four months January to April 1926 inclusive (available on Form 775) was 58.85 tons per car on shipments forwarded from Keatley, and (as shown on Form 776) 44.02 tons on shipments received thereat.

Summary of Traffic handled in and out of "Keatley" for the ten months ended April 30, 1926 is as follows:

	<u>Forwarded</u>		<u>Received</u>		<u>Total</u>	
	<u>Cars</u>	<u>Revenue</u>	<u>Cars</u>	<u>Revenue</u>	<u>Cars</u>	<u>Revenue</u>
<u>Form 883</u>						
6 mos. ended 12-31-1925	1,166	\$ 70,968	67	\$10,118	1,233	\$ 81,086
<u>Form 883</u>						
3 mos. ended 3-31-1926	724	\$ 44,452	29	\$ 5,195	753	\$ 49,647
Form 775 - Apr. 26	63	4,370	-	-	63	4,370
Form 776 - " "	-	-	3	802	3	802
Total for 10 mos.	1,953	\$119,790	99	\$16,115	2,052	\$135,905

and from the foregoing an idea of the tonnage (for these ten months) may be obtained and compared with estimate of 65,000 tons of ore shown on the A.F.E. #19.

Forwarded Traffic	1953 cars @ 58.85 tons =	<u>114,934</u>
Received Traffic	99 " @ 44.02 " =	<u>4,358</u>
	Total for Ten Months	<u><u>119,292</u></u>

Mr. Gray's letter of January 16, 1923 stated "that for the first eleven months of 1922 shipments for these mines totalled 68,431 tons of which 60571 tons or 88% was shipped via the D. & R.G.W. and 7,860 tons or 12% via the U.P.-

Deducting from the total of 119,292 tons for the ten months ended April 30, 1916 the tons hauled via U.P. before construction of the branch or 7,860 tons, the additional tonnage of 111,432 tons remains, which indicates a yearly increase of over 130,000 tons or double the estimated increase in traffic of 65,000 tons.

119,292 tons
12%

238584

119292

1431504

BFR 12 JUN

Tonnage

119292

14315

104977 New Business