Refer to

Answered

JUL 24 1951

AIRMAIL

Re: Docket DMA-1216

Sierra Zinc Producers, Inc.
1011 South Fremont Avenue
Alhambra, California

Gentlemen:

Your application for a mining loan to bring into production the Blue Moon mine in Mariposa County, California has been reviewed by the Defense Minerals Administration.

In order to obtain a loan such as you requested, it must be established that there is a sufficient amount of measured ore of mineable grade to amortize the loan. Information available to us indicates that the amount of ore available is substantially less than the amount estimated by you and is not sufficient to justify the amount of money you requested. Furthermore, our records indicate that the ore in the upper part of the deposit probably is not available because of caving. The mineralization which was indicated by drilling west of the present orebodies cannot be considered as measured ore.

We regret, therefore, that we do not feel justified in approving an expenditure of Government funds for the project you propose.

Very truly yours,

SIGNED

Tom Lyons, Director
Supply Division

Copy to Bailey 7/24

EJLyons:emp
G 7/12/51

Copies to: H. C. Miller Region III (2)
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

H.C. Mil[illegible] Region III

Refer to	Noted	Date
Answered		

JUL 2[illegible] 1951

July 1[illegible], 1951

Memorandum

Re: [illegible]A-1216

To: Reports and Records Unit
Administrative Management Division

From: Chief, Lead-Zinc Branch, D.M.A.

Subject: Recommendation for denial of application [illegible]A-1216, submitted by Sierra Zinc Producers, Inc., 1011 South Fremont Avenue, Alhambra, California

Attached is the application and supporting data submitted by Sierra Zinc Producers, Incorporated for a loan in the amount of $450,000, to bring into production the Blue Moon mine, Mariposa County, California. The proposal includes sinking a new shaft in the footwall to a depth of 600 feet, and crosscutting about 1700 feet (distributed between 4 levels) to reach the partially mined ore.

The mine, which was first prospected in 1930, was operated in 1944 and 1945 by the Hecla Mining Company of Wallace, Idaho. During this period that company mined 55,656 tons of ore averaging about 12% Zinc, 0.5% Lead, 0.4% Copper, 0.06 oz. Gold, and 5 oz. Silver. In the summer of 1945 caving destroyed the ore above the 165 level and on November of 1945 further caving resulted in abandonment of the mine. The amount of ore destroyed in the last caving is not known. The mine has not been operated since.

The applicant estimates that 100,000 tons of ore are available in the three known orebodies in the mine. However, unpublished estimates of reserves made by the Geological Survey in October, 1945, state there are about 10,000 tons of measured ore, all in No. 1 orebody, above the 450 level and about 7,000 tons of inferred ore below the 450 level. How much of this was destroyed by later caving is not known.

Drilling has indicated that there is mineralization west of the present deposit, but there has not been sufficient exploration to consider this as measured ore.

In view of the past history of the mine there is also the possibility that if the mine were again opened up, further caving might terminate operations before amortization of the loan.

It is therefore recommended that the application be denied and the attached letter be sent to the applicant.

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Approved:

Director, Supply Division

EJLyons:emp
G 7/12/51
Copies to: H. C. Miller, Region III (2)
Chief, Lead-Zinc Br.
E. T. McNight 4204 GSA
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