AUG 2 0 1951

REGIONAL DIRECTOR'S OFFICE REGION IV
AUG 23 1951
BUREAU OF MINES DENVER, COLO.

Re: DMA-769

Mr. James F. Scott
564 20th Avenue
San Francisco, California

Dear Mr. Scott:

In our letter to you of April 12, signed by Otto Herres, it was pointed out that your application (DMA-769), for Federal aid to explore and develop the Marvel Gold and Silver claim Group, Santa Cruz County, Arizona, might be eligible for assistance under the exploration program of the Defense Minerals Administration. This program calls for equal participation in exploration costs on the part of the applicant. Explanation of the plan and the necessary forms for making application were sent to you at that time.

As we have not received an application from you under the exploration program, we are transferring your original application for a loan to an inactive file. As explained in our letter of April 12 a straight development or mining loan cannot be approved unless there are adequate proven ore reserves to secure the loan, and your application does not indicate such reserves.

If at some future date you should care to explore your property under the Defense Minerals Administration's program, we will be glad to consider an application from you. We wish to thank you for bringing your property to our attention.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

Lee:jr
G: 8/15/51

cc: Files
J. H. East, Jr. (2)
Chief, Lead-Zinc Br.
E. T. McKnight
R. H. Mote
Reports and Records
Dir. Reading, Rm. 4212, GSA
Br. Reading, Rm. 4212, GSA

FILE

EWO 4-27-57

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

APR 12 1951

Mr. James F. Scott
564 - 20 Avenue
San Francisco 21, California

In reply please refer to DMA-769

Dear Mr. Scott:

One of the purposes of the Defense Production Act of 1950 is the encouragement of exploration, development and mining of strategic minerals and metals. Where an applicant has proven reserves of strategic materials, Federal aid in mining can be given through procurement contracts for such materials as are in short supply. On the strength of these contracts, the applicant can obtain private financing in most instances.

The program recently approved for encouragement of exploration of strategic materials calls for participation on the part of the applicant. For zinc and lead deposits it will be necessary to match Government funds on an equal basis. Funds advanced by the Government will be considered a loan, to be repaid if the exploration is profitable, but to be canceled if unsuccessful. The details of the plan, explaining the projects that will be eligible for assistance, the terms and schedules of financing, repayment, and other pertinent information, are enclosed.

A review of your application (DMA-769) for financial aid in exploring and developing your Marvel and Silver Claim Group property indicates that proposal may be considered under this exploration program. Details concerning expenditures that will be considered chargeable to exploration aid will be subject to a final determination by negotiation, but as a preliminary appraisal, we believe that the program will apply to the total amount of your application, $50,000.

Before we can proceed further with consideration of your application, which may or may not require a field examination, please indicate your willingness to provide your share of the funds needed to carry out the proposed exploration. Any modification of your original proposal that you may wish to make will be considered, but you should be specific concerning the work you wish to undertake.

Very truly yours,

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

ALBroker:bsp
G 3/23/51

Copies to: Chief, Lead-Zinc Branch
USGS McKnight
L. B. Moon
R. H. Mote
2 copies to J. H. East, Jr.
Exec. Officer, Region IV

L. F. Strobel
C. O. Mittendorf
Files

Enclosures