AUG 27 1951

Re: DMA-1136

Mr. W. L. Black
Box 1028
Globe, Arizona

Dear Mr. Black:

In our letter to you of June 5, signed by Otto Herres, it was pointed out that part of your application (DMA-1136), for Federal aid to develop the Se and Se mine, Gila 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 June 5 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

FJLee:gt

G 8/21/51

Copies to: J.H.East

DMA

ETMCKnight:emp
G 6/4/51

REGIONAL DIREC...
OFFICE
REGION IV
JUN 8 - 1951
BUREAU OF M...
DENVER, COLO...

Copies to: J. H. East, Jr. (2)
Region IV
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel
Tom Lyon

Directors reading file 4214 GSA
Br. r. file 4214 GSA
Files

June 5, 1951

Re: Docket DMA-1136

Mr. W. L. Black
Box 1028
Globe, Arizona.

Dear Mr. Black:

The Lead-Zinc Branch of the Defense Minerals Administration has received the form filled out by you giving general technical data on the So and So mine.

The purpose for which this information was presented is not clear from the material submitted. However, you state that the thing which hampers further operation of your mine is lack of funds needed for further development to prove sufficient ore to install a mill. We presume, therefore, that you are applying for a Federal loan, although you do not state any specific amount.

To be eligible for a direct loan in the full amount needed to finance a mining operation, it is necessary for an applicant to have sufficient proven reserves of strategic minerals to justify the loan. Where proven reserves are lacking, Federal aid can be given under the exploration program recently approved by the Defense Minerals Administration. This program requires participation on the part of the applicant to the extent of 50 per cent for lead, zinc, and copper exploration. Funds advanced by the Government will be considered as a loan to be repaid if the exploration is profitable, but to be cancelled if unsuccessful. Information on the exploration program and the necessary forms for making application are enclosed.

If you should care to apply for exploration aid under this program you should fill out and return the application form (MF-103). The deadline for the applications was May 31, which allows a relatively short time to carry out the negotiations that have to be completed by July 1, on which date the law under which the program is set up expires. However, we anticipate that the Congress may renew this law, hence, if you are interested in making application under the program, you should send in your application promptly. If there is time available, it might be handled before July 1 deadline. It would expedite handling if the application is specific concerning the work that is proposed.

Very truly yours,
Otto Herres
Otto Herres, Chief
Lead-Zinc Branch

Enclosure

Rent

gate area