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AUG 28 1951

AUG 30 1951

Copper Cities Mining Company
61 Broadway
New York, New York

Re: Docket RA 1241

Gentlemen:

Enclosed is a copy of the smelting contract between Miami Copper Company and International Smelting and Refining Company, which you so kindly loaned to this office.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

PHBlakemore/meh
cc to: Reports and Records
Messrs. Mittendorf, Olund
Mr. Blakemore
Region IV (2)
Docket

AUG 28 1951

DENVER, COLO.

Copper Cities Mining Company
61 Broadway
New York, New York

Re: Docket DMA 1241

Gentlemen:

Enclosed is a copy of the smelting contract between Miami Copper Company and International Smelting and Refining Company, which you so kindly loaned to this office.

Sincerely yours,

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Enclosure-1

PBBlakemore/meh
cc to: Reports and Records
Messrs. Mittendorf, Olund
Mr. Blakemore
Region IV (2)
Docket

81-7151

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AUG 17 1951

Hon. Manly Fleischmann, Administrator
Defense Production Administration
Washington 25, D. C.

My dear Mr. Fleischmann:

The Copper Cities Mining Company, 61 Broadway, New York, New York (DMA Docket No. 1241), has proposed a project whereby it will develop and mine a copper ore deposit located in Gila County, Arizona, sufficiently to produce 340,000,000 pounds of coppper over a period of 7-1/2 years at the rate of 3,750,000 pounds per month. The company is a wholly owned subsidiary of the Miami Copper Company. Such development work would be completed so that production will commence during the last quarter of 1953. Mining development work and completion of necessary acquisitions, installations and milling facilities for the concentration of the ore will require a fixed investment of approximately $15,212,000. Financing is to be provided by the company.

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In consideration of such development and expansion to be undertaken by the company, the Government would agree to a commitment to purchase a maximum of 340,000,000 pounds of specification grade copper from the production of this mine during a period of 7-1/2 years following commencement of production.

The sum of operating costs (estimated at 14.75 cents per pound) and amortization of $15,212,000 fixed investment over 7-1/2 years would be the equivalent of 20 cents per pound for 340,000,000 pounds of copper. A price of 23 cents per pound over the life of the contract would yield approximately 13 percent per annum to the company on average equity invested, if an average gross corporate income tax rate of 50 percent is assumed.

Assuming a contract price of 23 cents per pound for 7-1/2 years production of 340,000,000 pounds of copper, it is estimated that the probable ultimate net loss to the Government would be $3,400,000 assuming an average market price of 22 cents per pound for the production over the period; this is an average unit loss of 1 cent per pound. It would be necessary to set aside $1,600,000 as working capital if a contract to purchase and resell at 23 cents per pound is adopted to provide for 2 months' purchase. These provisions total $5,000,000 of maximum borrowing authority computed on a prudent reserve basis. The maximum possible liability to the Government for 340,000,000 pounds of copper at 23 cents per pound would be $78,200,000.

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A thorough investigation of the proposal has been made by the Defense Minerals Administration. It has been determined that the action will assist in carrying out the objectives of the Defense Production Act of 1950, as amended, that it is necessary in the interest of national defense, that the commitment to purchase will be for Government use of resale, and that the production of copper cannot be increased more economically in terms of manpower, materials, funds, etc. The expansion of the production of copper from this source will replace the present production at the Castle Dome copper deposit, which will be completely exhausted by 1953. The effect of the proposed project will be to sustain the current domestic production of copper. All of the necessary factors of production, including competent management, are presently available or are expected to be available when needed. It is believed that this project is feasible and will provide copper as scheduled to relieve in part the critical shortages of this material.

Accordingly, it is recommended that you certigy to the Administrator of General Services that the commitment to purchase is necessary in the interest of national defense and to carry out the express purposes and policies of the Defense Production Act of 1950, as amended, and related Orders.

Please furnish the Defense Minerals Administration with three copies of your certification.

Sincerely yours,

Acting Administrator

JBLiebert/meh
cc to: Adm. Reading File
Reports and Records
Mr. Hofflund
Mr. Liebert
Mr. Mittendorf, Mr. Olund
Mr. Lyon
Mr. Gowen
Mr. McKnight
Mr. Blakemore
Mr. McGann
Docket copy
Region IV

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

August 1, 1951

Copper Cities Mining Co.
61 Broadway
New York, New York

Re: Docket No. DMA-1241

Attention: Mr. J. H. Ffolliet

Dear Mr. Ffolliet:

This is to acknowledge receipt of your memorandum dated July 25, 1951 containing supplemental information in connection with the application for a purchase contract for the Copper Cities Mining Company dated May 18, 1951. This information has been attached to the application which is now being processed by the Copper Branch.

Very truly yours,

J. B. Gowen

J. B. Gowen, Chief
Copper Branch

JBGowen:jp

Copy to: Reports and Records Branch
Administrator's Reading File
Copper Branch
Executive Officer, Region IV
Files

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

August 1, 1951

Copper Cities Mining Co.
61 Broadway
New York, New York

Re: Docket No. DMA-1241

Attention: Mr. J. H. Ffolliet

Dear Mr. Ffolliet:

This is to acknowledge receipt of your memorandum dated July 25, 1951 containing supplemental information in connection with the application for a purchase contract for the Copper Cities Mining Company dated May 10, 1951. This information has been attached to the application which is now being processed by the Copper Branch.

Very truly yours,

J. B. Gowen

J. B. Gowen, Chief
Copper Branch

JBGowen:jp

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