SEP 14 1951

ABCampbell:emp
G 9-12-51

Re: DMA-2039

REGIONAL DIRECTOR'S OFFICE
REGION IV
SEP 20 1951
BUREAU OF MINES
DENVER, COLORADO

Mr. A. N. McCallum, Jr., Secretary
Sunrise Mining Company
702 Scarbrough Building
Austin, Texas

Dear Mr. McCallum:

Your application (DMA-2039) for a Government loan of $50,000 for the purchase of mining equipment and supplies, partial payment of purchase price of property, and working capital to be used at a group of claims in Santa Cruz County, Arizona, has been reviewed by the Defense Minerals Administration.

A necessary qualification for a direct mining loan is that the applicant should have proven reserves of strategic minerals in large enough tonnage to secure the loan. No loan can be approved until an adequate reserve is established. The review of your application and exhibits indicates that there are no proven reserves on your property. I regret, therefore, to advise you that your application cannot be approved.

As the underground work which you propose is exploratory in nature, it may be eligible for assistance under the Government's exploration program. This program requires that the applicant participate in half of the costs of the exploration on a lead and zinc deposit. Funds provided by the Government will be considered a loan, to be repaid if the exploration is profitable, but to be cancelled if unsuccessful. The details of the plan (MO-5) are enclosed, as are the necessary forms (MF-103) for making application under this program, should you care to apply. Also enclosed are copies of Form MF-202, "Landlord's Subordination Agreement", six copies of which should be completed by the lessor.

In completing the application, expenses should be itemized in detail, showing what labor, equipment, etc., are necessary and the cost of each. It should be pointed out, however, that the amount of $7,500 to be used for partial payment on the purchase price of the property could not be considered as a legitimate expenditure under a Government exploration agreement. Any modification of your original proposal that you wish to make will be considered, but you should be specific concerning the work which you wish to undertake.

Very truly yours,
Tom Lyon

Tom Lyon, Director
Supply Division

Br. r. files 4214 GSA
Administrators r. file
DMA docket files

Copies to:
J. H. East Jr. (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
O. Bishop
Directors r. files 4214 GSA

Enclosures

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

DMA

OFFICE RECEIVED SEP 25 1951 DEPT. OF THE INTERIOR

Hon. Lyndon B. Johnson
United States Senate
Washington, D. C.

SEP 25 1951

My dear Senator Johnson:

This will acknowledge receipt of your request of September 17, 1951 concerning a communication from Mr. Frank . Jensen in regard to the application DMA-2039 Sunrise Mining Company for a Government loan in the amount of $50,000.

As of September 14, 1951 a letter was sent Mr. R. G. Woodlum, Secretary, Sunrise Mining Company, notifying him of the reasons for denial of the application for a direct loan.

We would consider this project for an exploration loan whereby the Government participates on a fifty-fifty basis and the necessary forms for such an application were sent him.

If I can be of further assistance to you at any time, please do not hesitate to call upon me.

Sincerely yours,

W. C. SCHROEDER

Acting Administrator

J.H.S.

Enclosures

TPBILLINGS
9/21/51

cc: Administrator
T. Lyon
2 copies to Mr. J. H. East, Jr. Reg. IV Denver 2, Colorado
Moon
Mote
McKnight
Billings
DMA-2039 Docket File

2039

9/25 [illegible]

SEP 25 1951

Hon. Lyndon B. Johnson
United States Senate
Washington, D. C.

My dear Senator Johnson:

This will acknowledge receipt of your request of September 17, 1951 concerning a communication from Mr. Frank [illegible] Carman in regard to the application DMA-2039 Quartzite Mining Company for a Government loan in the amount of $50,000.

As of September 14, 1951 a letter was sent Mr. A. L. McCallum, Secretary, Quartzite Mining Company, notifying him of the reasons for denial of the application for a direct loan.

We would consider this project for an exploration loan whereby the Government participates on a fifty-fifty basis and the necessary forms for such an application were sent him.

If I can be of further assistance to you at any time, please do not hesitate to call upon me.

Sincerely yours,

W. C. SCHROEDER

Acting Administrator

Enclosures

J. F. S.

YFBILLINGS
9/21/51

cc: Administrator
T. Lyon
2 copies to Mr. J. H. East, Jr. Reg. IV Denver 2, Colorado
Noon
Mete
McKnight
Billings
DMA-2039 Docket File

C
O
P
Y

FRANK W. JESSEN
Consulting Engineer
3111 Tom Green Street
Austin, Texas

September 14, 1951

Hon. Lyndon Johnson
USS, Senate Office Bldg.
Washington, D. C.

SEP 25 1951

Dear Lyndon:

A group of Austin business men including Tayler Glass, C. B. Smith, T. N. McCallum, Jr., Robert Owens, John Simpson, and others, including myself, are interested in a mining operation in Arizona. We have organized a Sunrise Mining Company as the active corporation to handle these operations, and have applied to the Defense Minerals Administration for a loan under the Defense Production Act of 1950.

This application has been received and has been examined and assigned Docket Number DMA-2039 and has been referred to the Lead-Zinc Branch. We would much appreciate any assistance you can give us in helping to secure as rapid action as possible on the processing of this loan. As you will note by the attached letter, Tayler Glass has discussed this application briefly with Homer Thornberry. Tayler will probably call your office on next Tuesday or Wednesday, at which time he will probably have some additional information which he would like to discuss with you.

Your kind assistance in this matter will be deeply appreciated.

Kindest personal regards and best wishes.

Very sincerely yours,

/s/ FRANK
Frank W. Jessen

FWJ/md
Incl.

Lead-Zinc

COPY

3111 Tom Green Street

September 14,
1951

Hon. Homer Thornberry
504 House Office Bldg.
Washington, D. C.

Dear Homer:

As Taylor Glass advised you last Wednesday afternoon, the various men interested in the Sunrise Mining Company held a meeting on Thursday noon to discuss the application of the company with the Defense Minerals Administration for a loan under the Defense Production Act.

We have submitted our application and it has been received and has been assigned Docket Number DMA-2039 and has been referred to the Lead-Zinc Branch.

We are particularly anxious to have this loan processed and would, therefore, appreciate very much any help you may give us personally in seeing that as quick action as possible may be taken, and knowing of your close cooperation with Lyndon Johnson on various matters and the contacts which may be established through his office, we feel it would be most advantageous to have you two work together on this matter with us. We would be most appreciative of any information you may pass on to us regarding any action necessary on our part. In connection with the latter, we would be glad to send someone to Washington to do the leg work.

Taylor Glass will perhaps call you on Tuesday or Wednesday since he will have some additional information he may be able to pass on to you at that time concerning the progress being made at the mine. I regret that I did not have an opportunity to see you while you were in Austin, but I realize you were extremely busy.

Kindest personal regards and best wishes.

Yours very sincerely,

Frank W. Jessen

FWJ/md
CC: Hon. Lyndon Johnson

REGIONAL DIRECTOR'S
OFFICE
REGION IV
SEP 20 1951
BUREAU OF MINES
DENVER, COLORADO

SEP 14 1951

Re: DLA-2039
Sunrise Mining Company
Santa Cruz County, Arizona
Direct loan $50,000
Lead-zinc

Memorandum

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Subject: Denial of direct loan

The applicant has requested a direct loan of $50,000 for the purchase of mining equipment and supplies, partial payment of purchase price of property, and for working capital to be used at a group of claims in Santa Cruz County, Arizona.

A recent report by a mining engineer which was submitted with the application states that, ". . . it is not possible to make an intelligent estimate of tonnage or grade of probable ore". On the basis of the lack of proven ore reserves, the Lead-Zinc Branch recommends that the application for a direct loan be denied.

As the applicant's proposal of underground work at the property is essentially exploratory in nature, it is further recommended that he be advised to consider the eligibility of his proposal under the Government's exploration program and that application forms required for consideration under that program be forwarded to him. The applicant should also be advised that the amount of $7,500 for payment on the purchase price of the property could not be considered as a legitimate expenditure under the exploration program. These points are covered in the enclosed letter to the applicant.

J.F.S.

Returned herewith are:

4 copies Form DF-102 with exhibits
correspondence to applicant

ABCampbell:emp
G 9-12-51
Copies to:

T. P. Billings, Chief
Lead-Zinc Branch

Approved:
Tom Lyon,

Director, Supply Division

J. H. East Jr (2)
Chief, Lead-Zinc Branch
B. T. McKnight 4204 GSA
O. Bishop
Directors r. files 4214 GSA
Br. r. files 4214 GSA
Administrators r. file
DLA docket files