SEP 7 1951

Re: DMA 857

Harold F. Kane, Superintendent
Elk Basin Mining Company
Connors Group
Kokomo, Colorado

REGIONAL DIRECTOR'S OFFICE
REGION IV
SEP 12 1951
BUREAU OF MINES
DENVER, COLORADO

Memorandum

To: Reports and Records Unit
Administrative Management Division

From: Lead Zinc Branch

Subject: Denial of request for loan

Subject docket was a letter requesting information regarding government exploration loans. The applicant was written approximately April 12, 1951, and was sent the exploration forms and press notice. The applicant has failed to reply, hence, it can be presumed that he is not interested in a loan under the DMA program. It is recommended that the docket be closed as no further action is necessary.

All docket material was returned previously.

T. P. Billings, Chief
Lead Zinc Branch

Approved
Tom Lyon
Director, Supply Division

FJLee:bc
G 8/31/51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead Zinc Branch
E. T. McKnight
R. H. Mote
Director's r. file 4214 GSA
Br. r. file 4214 GSA
DMA Docket files

APR 12

In reply please
refer to DMA-857

Mr. Harold F. Kane, Superintendent
Elk Basin Mining Company
Kokomo, Colorado

Dear Mr. Kane:

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, lead and copper 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-857) for financial aid in exploring certain areas on your property indicates that your 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 after you have filed your formal application.

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

ALBrokaw:emp G 3/30/51
Copies to: 2 copies to
J. H. East, Jr., Region IV
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel
Enclosures

C. C. Mittendorf
Files

March 13, 1951

Mr. Harold F. Kane
Elk Basin Mining Company, Ltd.
Kokomo, Colorado

Dear Mr. Kane:

This will acknowledge receipt of your letter application regarding a mining loan.

Your application is being forwarded to the Defense Minerals Administration in Washington for consideration.

Sincerely yours,

J. H. East, Jr.
Regional Director

cc: DMA files
/al

Orig and one copy of letter mailed

March 10, 1951.

Regional Director
Bureau of Mines, Region IV
224 New Customhouse
Denver 2, Colorado.

Dear Sirs:

We understand that exploration and development loans are soon to be considered for meritorious mining properties with a potential for producing critical and strategic metals. We would herewith like to apply for such a loan on the property which we have been developing since June, 1950.

This property is known as the Connors group and is located near Kokomo, in the Ten Mile District of Summit County. We have leases on approximately 38 claims in a compact group covering the Robinson limestone formation on the southwest slope of Elk Mountain. To date we have reopened and conditioned the 2500 foot main tunnel and have driven approximately 700 feet of crosscut with a view toward opening up an ore body in the limestone which was diamond drilled about 1905. We have the reports of two engineers concerning these drill holes. These reports state that No.1 hole encountered 9 feet of nine (9) feet of $36.00 ore at a depth of 300 feet, No.2 hole showed three (3) feet of $40.00 ore at 130 feet and No.3 hole showed seven (7) feet of $38.00 ore at 150 feet. These values were principally in lead and were computed at the current market price at that time. Considerable zinc may also be anticipated. Also, in the 1880's several shallow shafts on this property, at surface, produced in the neighborhood of $50,000 in lead-silver ore, from the fault zone known as the Wilfley dike. This was high grade lead ore and it is assumed that it was dragged into the fault zone from an undiscovered ore body in the limestone. These formations are all virgin ground.

We have known this property for many years and have considerable information to support these statements. We have expended about $55,000 since last June in development and in equipping the property with machinery, electric power, surface buildings and a new road from Kokomo to the mine, a distance of about 1 mile. We adjoin the Wilfley, Kimberly and Breene properties on the south-west and we have the fault and vein systems of these properties cutting thru the Robinson limestones which underlie the Quail limestone of the above mentioned properties.

We are now starting a diamond drilling program to determine the extent of the ore bodies in our property and also the most feasible and practical method of opening them up. We need financial assistance to carry out this drilling program and to complete the development necessary to open up any ore bodies disclosed in the drill holes. We believe we have an excellent property and that we qualify for some government aid in our exploration and development work.

#2

Mr. Kent and Mr. Evans of the U.S.G.S. have recently examined and mapped our property and you may no doubt secure additional information from the Denver office of the Survey.

Trusting you may give this your consideration, we are,

Yours very truly,

Elk Basin Mining Company, Ltd.

Harold F. Kane

by Harold F. Kane, Supt.