SEP 7 1951

Re: DMA-871

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

Herron Brothers
Box 545
Aspen, Colorado

Gentlemen:

Your application (DMA-871) requesting a purchase contract for the lead and zinc production from the Smuggler Mine, Pitkin County, Colorado, has been reviewed again after receipt of the completed Form MF-100 and your request for reconsideration.

Before a decision can be made on your proposal, it will be necessary for you to complete and return four copies of Form MF-106, "Application for Purchase Contract". Five copies of this form are enclosed.

Very truly yours,

T. P. Billings, Chief
Lead-Zinc Branch

Enclosures 5

ABCampbell:emp
G 9-6-51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Administrators r. file
DMA docket files

REGIONAL DIRECTOR'S
OFFICE
REGION IV
MAY 10 1951
BUREAU OF MINES
DENVER, COLORADO

May 3, 1951

Re: Docket DMA-871

Herron Brothers
Box 545
Aspen, Colorado

Gentlemen:

In reply to your letter of April 21:

At the present time the Government is not buying zinc and lead but is granting procurement contracts for these metals which guarantee to the producer the current market price, based on smelter settlement, for the zinc and lead content of his ore until any investment he has made to bring the property into production has been recovered. Under such a contract, the Government allows the applicant to sell his product through the usual channels and the Government becomes involved only in the event of a break in market price. To obtain such a contract, the applicant must show that his property contains sufficient proven reserves of satisfactory grade. The Defense Minerals Administration is also able to recommend that a mining loan be made by the Reconstruction Finance Construction if the reserves are sufficient.

No information was submitted with your application to indicate proven reserves. If you can supply a report bearing on reserves in your mine, we will be pleased to consider it. Your proposal to dewater the mine and make the workings accessible might result in proving up sufficient reserves to warrant a procurement contract or a mining loan. As stated in our letter of April 12, however, such a proposal comes in the category of an exploration program and a part of the expense must be shared by the applicant.

Very truly yours,

Tom Lyon
ad

Tom Lyon, Director
Supply Division

EJLyons:emp
G 5/3/51
Copies to: J. H. East, Jr, Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel T. Lyon Files

May 3, 1951

Re: Docket DMA-871

Herron Brothers
Box 545
Aspen, Colorado

Gentlemen:

In reply to your letter of April 21:

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Very truly yours,

Tom Lyon

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Tom Lyon, Director
Supply Division

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REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 19 1951
BUREAU OF MINES
DENVER, COLORADO

April 13, 1951

Re Docket DMA-871

Herron Brothers
Box 545
Aspen, Colorado

Gentlemen:

Your application (DMA-871) of March 17 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration.

No specific program has yet been set up by the Defense Minerals Administration for lead procurement. Zinc production needs to be expanded, but only those properties which can contribute a significant amount of that metal and which have proven reserves of satisfactory grade are being considered for purchase contracts. Because the ore in the dumps of your mine contains only 0.55% Zn, of which only 30% is recoverable, we would not feel justified in granting a purchase contract for ore of that low a grade.

A program which was recently approved for encouragement of exploration of strategic materials calls for participation on the part of the applicant. For zinc and lead 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 indicates that that part concerned with unwatering and opening up the mines may be, in part, at least, 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.

If you should care to apply for an exploration loan, 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,

Tom Lyon, Director
Supply Division

EJLyons:emp G 4/4/51
Copies to: 2-J. H. East Jr.
Region IV
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel C. O. Mittendorf Files

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 10 1951
BUREAU OF MINES
DENVER, COLORADO

13

April 14, 1951

Herron Brothers
Box 545
Aspen, Colorado

Re Docket DMA-871

Gentlemen:

Your application (DMA-871) of March 17 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration.

No specific program has yet been set up by the Defense Minerals Administration for lead procurement. Zinc production needs to be expanded, but only those properties which can contribute a significant amount of that metal and which have proven reserves of satisfactory grade are being considered for purchase contracts. Because the ore in the dumps of your mine contains only 0.55% Zn, of which only 30% is recoverable, we would not feel justified in granting a purchase contract for ore of that low a grade.

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Very truly yours,

Tom L.

ad

Tom Lyon, Director
Supply Division

EJLyons:emp G 4/4/51
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Region IV
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
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J. H. East, Region IV

1951

April 2, 1951

Memorandum

To: Executive Secretary, D.M.A.

From: Lead-Zinc Branch, D.M.A. Re: Docket DMA-871

Subject: Application of
Herron Brothers,
Box 545
Aspen, Colorado

The application submitted by the Herron Brothers of Aspen, Colorado for purchase contracts for the ore to be produced from the dumps and mines on the Smuggler-Mollie Gibson-Durant group of claims in Pitkin County, Colorado has been reviewed by the Lead-Zinc Branch.

According to the applicant there are about 1,100,000 tons of ore on the dumps averaging 2.20 oz. Ag, 1% Pb, and 0.55% Zn. Milling tests indicate that about 75% of the silver and lead and 50% of the zinc would be recoverable. A larger mill than that present on the property would be required to recover the metal from the dumps and would cost approximately $275,000.00.

The applicant also wants to unwater and reopen the mines on the property at an estimated cost of $300,000.00. No estimate of reserves or grade is given.

The applicant requests the following:

1) A purchase contract for the lead and zinc in the dumps.

2) A purchase contract for the lead and zinc in the mines with an advance of funds to rehabilitate the mines.

In both instances purchase of the silver along with the lead and zinc would be necessary to make such operations economical.

The Lead-Zinc Branch recommends the following:

1) The purchase contract for the lead and zinc on the dumps be denied because of the very low grade of the ore.

2) The applicant be asked to participate in an exploration program to carry out all or part of his proposal to unwater and open up the mines.

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

EJLyons:emp
G 4/2/51

Copies to: 2 copies to J. H. East, Jr
Region IV
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
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