RECORDS
MAY 7
1951

May 7, 1951

Memorandum

To: Executive Secretary, D. M. A.

From: Lead-Zinc Branch, D. M. A.

Subject: Application of
James Lay
Rico, Colorado

Re: Docket DMA-911

The application submitted by James Lay of Rico, Colorado for a loan of $40,000 to explore the Montezuma mine in Dolores County, Colorado has been reviewed by the Lead-Zinc Branch.

The Montezuma mine, which is one quarter mile west of Rico, Colorado is developed on a fissure vein 8 inches wide. The main tunnel of the mine is 350 feet long with a 50-feet crosscut. There also are 270 feet of other drifts and stopes which apparently are in a part of the mine other than that in which the applicant is interested. An assay of a sample, location or type not indicated, shows trace Au, 3.21 oz. Ag, 6.00% Pb, 11.00% Zn, and 0.20% Cu.

The applicant proposes to widen the main drift, retimber the portal, drive 600 ft. to cut across the fissures, and then raise up to a limestone bed which is brecciated and partly replaced by ore. The estimated cost of this project, which will take one year, is $40,000 but the itemized expenditures given by the applicant amount to only $18,630.

The mine is not producing at the present, but the anticipated production is two tons a day.

The only useable equipment on the property is 250 feet of track and possibly a mine car.

Because the applicant is prepared to invest only $300 and his labor on the project, it does not appear as if he is financially able to carry his share of the cost. We therefore recommend that the application be denied and the attached letter sent to the applicant.

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

EJLyons:emp
G 5/7/51
Copies to: J. H. East, Jr.
Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight
L. B. Moon
R. H. Mote

L. F. Strobel
T. Lyon
Files

2 copies

May 7, 1951

Re: DMA-911

Mr. James Lay

Rico, Colorado

Dear Mr. Lay:

Your application (DMA-911) for a loan of $40,000 to explore the Montezuma mine in Dolores County, Colorado has been reviewed by the Lead-Zinc Branch.

The provisions of the exploration program as outlined in Form MO-5, which was enclosed in our letter of April 12, require that the applicant provide 50% of the total cost of the project in the case of zinc, lead, and copper deposits.

According to your estimate it will require one year and a cost of $40,000 to complete the project you propose. This would mean an expenditure on your part of $20,000. Because you state that you are prepared to contribute only $300 and your labor to the project, we surmise that you are not in a position to finance your share of the cost and therefore we are obliged to hold your application until such time as you shall notify us of any change in the situation.

Very truly yours,

Tom Lyon

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Tom Lyon, Director
Supply Division

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G 5/1/51

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

Copies to 5/15
Frazer
Ark

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APR 12 1951

In reply please
refer to DMA-911

Mr. James Lay

Rico, Colorado

Dear Mr. Lay:

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-911) for financial aid in developing 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, but as a preliminary appraisal, we believe that the program will apply to the total amount of your application, $20,000.

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.

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

Very truly yours,

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

Files

March 12, 1951

James Lay

Rico, Colorado

Dear Mr. Lay:

This will acknowledge your letter requesting information about mining loans.

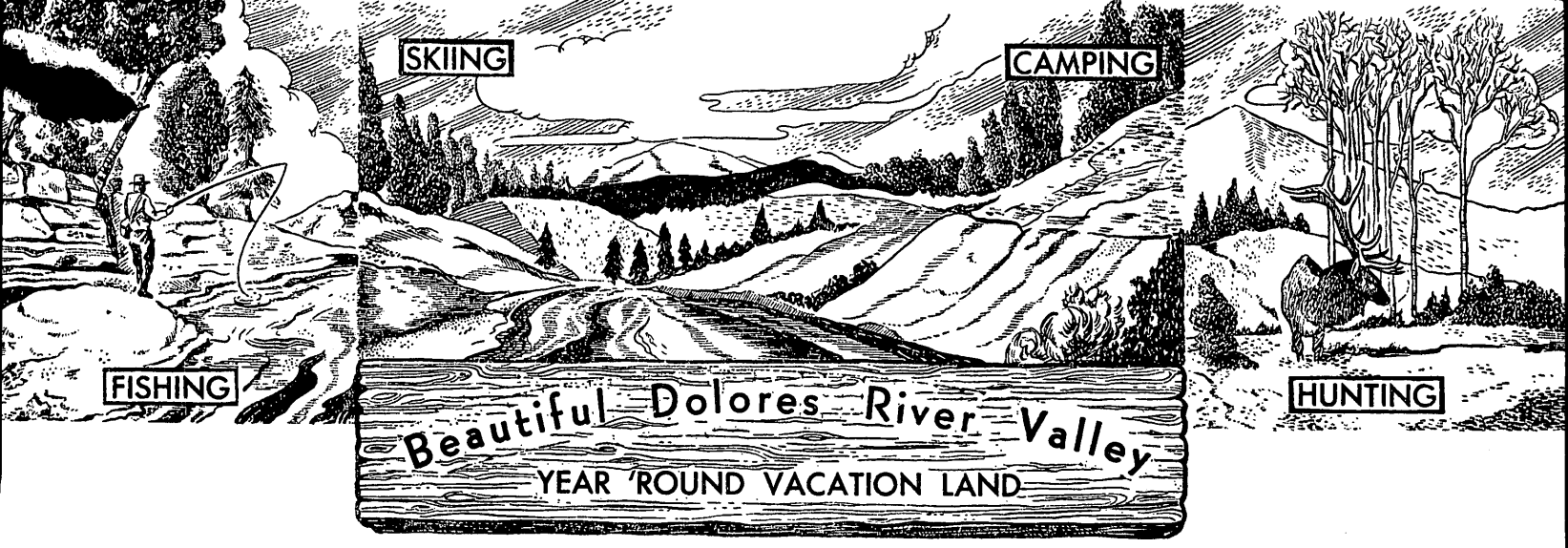
We are enclosing a press release, dated December 5, an outline of the information which should be furnished with an application, and five copies of MSR 146.

You should send four copies of the application to this office or to the Defense Minerals Administration, Interior Building, Washington 25, D. C.

Sincerely yours,

J. H. Mast, Jr.
Regional Director

Enclosures



REGIONAL DIRECTOR'S OFFICE
REGION IV
MAR 5 - 1951
BUREAU OF MINES
DENVER, COLORADO

Rico, Colorado
February 26 1951

Mr. John H. East Jr.
224 New Custom House Bldg.,
Denver,
Colorado.

Dear Sir:

I have a very promising prospect, containing lead, zinc and copper here at Rico, Dolores county. At the breast of a three hundred foot tunnel I have an eight inch vein of of ore averaging 37% combine, but I must have some financial assistance in getting my property into production. Therefore I am applying for a form and application blank for a loan under the new Mineral Loan Project.

Very truly yours,

James Lay

James Lay, Mine owner & Operator.