AUG 2 1951

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Re: DMA- 1056

AUG 28 1951

Mr. Kenneth E. Knapp
P. O. Box 614
Silverton, Colorado

Dear Mr. Knapp:

In my letter to you of June 8, 1951, it was pointed out that your application (DMA- 1056), for Federal aid to develop and bring into production the Burrows mine in the Eureka mining district, Colorado, might be eligible for assistance under the exploration program of the Defense Minerals Administration. This program calls for equal participation in exploration costs on the part of the applicant. Explanation of the plan and the necessary forms for making application were sent to you at that time.

As we have not received an application from you under the exploration program, we are transferring your original application for a loan to an inactive file. As explained in my letter of June 8 a straight development or mining loan cannot be approved unless there are adequate proven ore reserves to secure the loan, and your application does not indicate such reserves.

If at some future date you should care to explore your property under the Defense Minerals Administration's program, we will be glad to consider an application from you. We wish to thank you for bringing your property to our attention.

Very truly yours,

Tom Lyon, Director
Supply Division

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Inactive File

Copies to: Jack H. East Jr.-Region 4

DMA

REGIONAL DIRECTOR'S OFFICE
REGION IV
JUN 13 1951
BUREAU OF MINES
DENVER, COLORADO

New file

June 7, 1951

Memorandum

Re: Docket LLA-1056

To: Executive Secretary, D. M. A.

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

Subject: Recommendation for denial of application submitted by Kenneth E. Knapp of Silverton, Colorado for a mining loan.

The Lead-Zinc Branch has reviewed the application (LLA-1056) submitted by Kenneth E. Knapp, P. O. Box 614, Silverton, Colorado, for a loan of $30,000 to bring into production the Burrows mine in the Eureka mining district, Colorado.

Information accompanying the application in addition to data of the Geological Survey indicates that the property does not have sufficient proven ore reserves of a mineable grade to amortize the loan, but that an exploration program would be warranted provided that a suitable proposal were submitted by the applicant.

The Lead-Zinc Branch recommends that the application for a mining loan be denied and that the attached letter be sent to the applicant making him if he wishes to participate in the exploration program.

The docket is being held in the Geological Survey files pending decision of the applicant regarding participation in the exploration program.

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Approved:
Tom Lyon

Director, Supply Division

Routed

EJLyons:emp G 6/7/51

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
Tom Lyon
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

J. H. East, Jr.
Region IV

June 8, 1951

Mr. Kenneth E. Knapp
P. O. Box 614
Silverton, Colorado

Re: Docket DMA-1056

Dear Mr. Knapp:

The Lead-Zinc Branch of the Defense Minerals Administration has reviewed your application (DMA-1056) for a loan of $30,000 to develop and bring into production the Burrows mine in the Eureka mining district, Colorado.

In order to obtain a Government loan of this type, the property must be shown to have sufficient proven reserves of mineable grade to amortize the loan. Because the information we have at hand, including that submitted with your application, does not indicate any proven reserves for your property, we do not feel justified in approving an expenditure of Government funds for the purpose you stated in your application.

At the present time the Government has a program for encouragement of exploration of strategic minerals. This program requires that the applicant share one-half the total cost of the project in the case of lead and zinc deposits. The applicant's share may be in form of cash, his labor at reasonable rates, rental of equipment owned by him, etc. The Government's contribution is a loan to the applicant and is in the form of cash which is paid to the applicant monthly after the applicant has submitted an itemized statement of the work done and expenditures made for the previous month. The contract between the Government and the applicant, however, covers the entire cost of the project. Detailed information is given in the enclosed forms.

We believe that your property can be considered under this exploration program and we would be pleased to consider any application of merit which you may wish to submit.

Please let us know whether or not you wish to participate in this exploration program. If you do, fill out and return the enclosed application forms (MF-103). Please describe exactly, with maps if possible, the work you wish to undertake.

The deadline for the applications was May 31, which allows a relatively short time to carry out the negotiations that have to be completed by July 1. On this latter date the law under which the program is set up expires. However, we anticipate that the Congress may renew this law, hence, if you are interested in making application under the program, you should send in your application promptly. If there is time available, it might be handled before the July 1 deadline. It would expedite handling if the application is specific concerning the work that is proposed.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

Enclosure
EJLyons:emp
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Copies to: J. H. East, Jr. Rebion IV (2)
Chief, Lead-Zinc Br.
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