DMA

REGIONAL REPORTS OFFICE DENVER 1951 BUREAU OF DENVER

AUG 22 1951

Re: DMA-1667

Mr. John M. Lyon

Dyke, Colorado

Dear Mr. Lyon:

Your application for an exploration loan of $20,000, to develop your Thunder Mine, has been reviewed by the Defense Minerals Administration.

Under the exploration program being carried on by the Defense Minerals Administration, loans for lead and zinc exploration can be granted only if the applicant is willing to match with an equal amount of money, so that he finances half of the cost. This is not the only requirement, however, for the Government must be convinced that the proposed project stands a good chance of discovering worthwhile tonnages of strategic metals needed in national defense. Your application fails to give much information on the ore occurrence at your mine, but we find that the property is briefly described in U. S. Geological Survey Professional Paper 219, published in 1949. Although your prospect contains some lead, the vein is narrow and there is little reason to hope that further exploration will lead to discovery of any significant tonnage of lead. The California district has been mainly a producer of gold and silver, with comparatively little production by such strategic metals as copper and lead. Under these circumstances, we do not believe it to be a justifiable expenditure of public funds to advance half of the cost of your proposed project, and I regret that your application must be denied.

I wish to thank you for bringing this property to the attention of the Defense Minerals Administration.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

FWE 8-28-51

ETMcKnight:emp
G 8-20-51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

AUG 22 1951

Re: DMA-1667
John M. Lyon
Thunder Mine
California (LaPlata) District, Colo.
Exploration loan $20,000
Lead-zinc

Memorandum

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Subject: Denial of loan

Applicant has not indicated that he understands the principle of equal participation on exploration costs, as he has not filled in the percentage of Government participation and has ignored question 9 which concerns his ability to match half of the funds. However, his proposal has little merit from an exploration standpoint, as explained below.

His prospect is described in U. S. Geological Survey Prof. Paper 219 (1949) as two short adits intersecting 3 veins. Two of the veins consist of pyrite cementing a breccia in sandstone, resembling the May Day and other similar gold producers in the district. The third vein is 12 to 18 inches wide and composed of brecciated sandstone, much ~~gangue~~ gouge, and considerable quantities of quartz and coarsely crystallized galena. The production from the property in 1937 was 2 tons of ore, that yielded 0.69 oz. gold and 6 Oz. silver. In view of the known gold-silver character of the camp, which has produced $4,360,000 in gold, $1,290,000 in silver, and only $38,000 in lead (358 tons), funds for exploration of the lead vein should be denied, and the attached letter sent to the applicant.

Returned herewith are: 3 copies of LF-103, only one of which is accompanied by a text partially answering the questions on the form.

file

Gunnard Johnson
T. P. Billings, Chief
Lead-Zinc Branch

Approved:

Director, Supply Division

ETMcKnight:emp
G 8-20-51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records Unit
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files