UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

224 New Customhouse
Denver 2, Colorado

July 7, 1952

Mr. Otto Beselack
Paragon Mines, Inc.
Ophir, Colorado

Dear Mr. Beselack:

Reference is made to your application for Government aid on the San Bernardo Mine.

Careful consideration has again been given to your proposal to drive around the caved section of the drift. This proposed work, in our opinion is essentially preparatory to the extraction of broken ore existing in stopes above the level. Information derived from this project will not add materially to the data now available and could not be classified as exploration work. DMEA regulations do not permit us to participate in a proposal of this nature.

We understand that you do not approve the proposal of the DMEA examining engineer who recommends sinking a winze on the vein and drifting on the vein at the bottom of the winze. This proposal would come within the province of DMEA in that it would constitute exploration of the vein below the present workings and might add materially to the known reserves of strategic minerals.

Under these circumstances we are unable to approve your application for exploration assistance.

Very truly yours,

W. H. King

W. H. King
Executive Officer
Field Team, Region IV

HMC:fwo

cc: Actg Admin., DMEA,
Attn: Code 210
Traver
Koschmann
Subject
Chron

A. H. Koschmann

A. H. Koschmann
Supervising Geologist

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

224 New Customhouse
Denver 2, Colorado

July 1, 1952

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: Code 210

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2521, (Lead-Zinc-Copper), Paragon Mines, Inc., San Miguel County, Colorado

Enclosed are the original and three copies of the final report on DMEA-2521 which was an application in the amount of $15,000.

Attached are the original and one copy of Form 3b and a copy of the letter of denial to the applicant.

Removed in R+R

W. H. King

W. H. King

A. H. Koschmann

A. H. Koschmann

Enclosures

DEPARTMENT OF THE INTERIOR
Bureau Mineral Administration
RECEIVED
JUL 28 1952

Mining Division
Region IV

July 1, 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 2521, (Lead-Zinc-Copper), Paragon Mines, Inc., San Bernardo Mine, San Miguel County, Colorado

Enclosed are nine copies of the final engineering report on DMEA-2521 by Scott W. Hazen, Jr.

The applicant requested $15,000 to drive around a cave to pull stope fill and mine "ore" above the last 250 feet of drift, which is now inaccessible.

The field examiners suggested an alternate proposal of winze sinking on the accessible portion of the vein but the applicant would not agree.

The field examiners have recommended denial of this application previously and they again recommend denial.

We concur in their recommendation.

W. H. King

W. H. King

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 28 1952

Reviewed by
DMEA OPERATING COMMITTEE
8-1-52
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

June 27, 1952

Mining Division
Denver Field
JUN 30 1952
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Acting Chief, Mining Division, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMEA 2521, Paragon Mines, Inc. (San Bernardo mine), San Miguel County, Colorado

Please find enclosed the original and eight copies of Scott W. Mason, Jr.'s engineering memorandum report on the subject exploration loan application.

Otto Beselack originally made request under DMA 542 for $50,000.00 to reopen the San Bernardo mine by means of a new drift paralleling the original main fifth level which is badly caved. This request was denied.

The applicant subsequently presented a second request direct to Washington changing only the amount to $15,000.00 instead of $50,000.00. This was denied without being sent to the field.

This last request of May 8, 1952, DMEA 2521, for $15,000.00, is essentially for the same type of work as previous ones and represents Beselack's third attempt. There has been no change in conditions at the property and he is not interested in a modified program that could unquestionably be considered exploration and probably approved. Mason recommends denial of the request, and I concur.

The brochure dated May 12, 1952, is enclosed.

W. M. Traver, Jr.

W. M. Traver, Jr.

Enclosures

WMT/bam

cc: 8
DMEA 2521
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 2521, Paragon Mines, Inc.

San Bernardo Mine

San Miguel County, Colorado

Lead-Zinc-Copper

Scott W. Hazen, Jr., Mining Engineer
Bureau of Mines

June 27, 1952

June 24, 1952

Memorandum

To: A. H. Koschmann

From: E. N. Harshman

Subject: DMPA Docket 2521, Paragon Mines, Inc., San Bernardo Mine, San Miguel County, Colorado

In January 1951 Paragon Mines, Inc., Ophir, Colorado, filed for exploration assistance at the San Bernardo Mine. In DMA Docket 542 they requested a loan of $50,000 (Government participation 50 percent) to drive between 200 and 800 feet of lateral drift around a caved area on the No. 5 level. The property was examined by F. D. Everett of the U. S. Bureau of Mines and W. B. Meek of the U. S. Geological Survey. It was not possible for the examining team to investigate the ore reported to be along the San Bernardo vein or the broken ore claimed to be remaining in the old stopes, but considerable data were available on past production and old stope assays. In a report dated July 18, 1951, Meek and Everett conclude that lead-zinc ore similar to that mined in the past cannot now be mined at a profit and, therefore, recommended denial of the loan.

In May 1952 Otto Beselack, Manager of Paragon Mines, Inc., again applied for exploration assistance. In DMEA Docket 2521 he requested a loan of $15,000 (Government participation 50 percent) to cover the cost of 300 feet of drift around the caved area and 200 feet of new drifting

on the San Bernardo vein. In essence the request made in this new application is identical with that made in the earlier one, but reduced the amount of loan requested.

On June 17, 1952, Scott W. Hazen, Jr., and R. R. McClellan of the U. S. Bureau of Mines and I discussed the new application with Mr. Beselack and explained that his proposal could not qualify under the Defense Production Act of 1950. We suggested that he might wish to emend his application to sink a short winze and drift on the San Bernardo vein at a depth of 75 feet or so below the No. 5 tunnel. This work would qualify as exploration. In the discussions that followed it, it became evident that Mr. Beselack was not interested in exploration at greater depths. The objective of the work he has done with private funds and the work he proposes to do with government assistance, is to reach, mine, and mill the broken ore reported to be in the stopes above the No. 5 level and the ore in the block of ground above the last 250 feet of the old drift.

The work proposed in DMEA Docket 2521 is not exploration for new ore. The report by Everett and Meek indicates that the developed ore cannot be mined at a profit. It is therefore recommended that the loan be denied.

approved:
A. H. Koschmann
6/27/52

DMEA 2521

PARAGON MINES, INC.
SAN BERNARDO MINE
SAN MIGUEL COUNTY, COLORADO

Engineering Report

By Scott W. Hazen, Jr.
Mining Engineer
Bureau of Mines

DMEA 2521

PARAGON MINES, INC.
SAN BERNARDO MINE
SAN MIGUEL COUNTY, COLORADO

ENGINEERING REPORT

By

Scott W. Hazen, Jr.

INTRODUCTION

The applicant has re-applied for an exploration loan of $15,000.00 on the subject property. The objective of the exploration is to continue driving a lateral drift for 300 feet around the caved portion of the existing drift on the vein and to do an additional 200 feet of drifting on the vein. These objectives are essentially the same as those defined in an earlier application, DMA 542, which was denied. The examining team could not examine the mine at that time and based their estimate of the grade of the ore reserves remaining in the mine on the grade of the past production from the mine. They concluded that the reserves were of such low grade that they could not be mined at this time at a profit.

There has been no change in the mine or conditions since the reports were written on DMA 542 except for reduction in metal prices which makes the venture more uneconomical than ever.

The new application was discussed with Otto Beselack, Manager, Paragon Mines, Inc., on June 17, 1952, and he stressed the point that they want to get into the uncaved drift to pull stope fill and mine ore above the last 250 feet of drift which they claim was driven on ore but which cannot be verified by examination at this time. This work is,

in fact, preparatory to mining and extraction of ore and, as such, is not within the scope of exploration.

An alternate proposal of winze sinking on the accessible portion of the vein and drifting on the vein from the bottom of the winze was discussed with Beselack as work which would be interpreted as exploration, but he was not interested. He wants to do the rehabilitation and get to the "ore" above the tunnel level.

The new application by Paragon Mines, Inc., does not change the objective or conditions of the original proposal. The conclusions arrived at in the earlier report on DMA 542 are unchanged except for lower metal prices. The request is recommended for denial as not coming within the scope of exploration.

bam

Form MF-103
(Revised June 1951)

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.1.

MF-103 Should Be Filed With General Technical Data Form MF-100

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

Not To Be Filled in by Applicant

Docket No. DMEA-2521
Metal or Mineral
Date Received 5-12-52
Amount $
Participation (Government %)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
MAY 12 1952

Paragon Mines, Inc.
Ophir, Colorado.

Name and address of applicant

Date May 8th, 1952

If you have already filed MF-100, give date filed Jan. 1951, type of assistance requested Exploration,

DMA Docket Number (if available) ~~[illegible]~~

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four copies each, of the signed application form, General Technical Data Form MF-100, and answers to questions as specified, to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive office thereof, with your name and address on each sheet of the application and all accompanying papers. If you have previously filed MF-100, it is not necessary to file it again. However, you should indicate in space provided above the type of assistance previously applied for (loans, procurement contracts, etc.) and DMA Docket Number, if available. *When a question is inapplicable it should be so stated in the form.* Additional sheets should be attached in answering any questions or in supplying additional information. IF YOU CANNOT ANSWER A QUESTION, SO STATE.

1. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.

   (*b*) If you are not the owner of the property, submit a copy of the lease, purchase option, or other agreements under which you are authorized to operate the property with each copy of your application.

   (*c*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

   NOTE: (1) If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*c*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

   (2) If applicant is not the owner of the property or if there are any liens or encumbrances against the property, copy of agreements of claimants, lienors, encumbrances, and lessors subordinating their interests in the property to the interest of the Government under the Exploration Project Contract will be required for attachment to the Contract.

2. (*a*) What metals or minerals do you expect to find?

   (*b*) Furnish statement of the geologic features of your property, giving type of ore deposit and reasons for expecting to find commercial ore bodies. Illustrate with maps or sketches. If you have a geologic or engineering report, or assay maps showing width and grade, please send them with application, stating whether or not you wish to have them returned.

The information requested in questions 3, 4, 5, 6, 7, 8, and 9 below should be answered specifically and in detail, as this information will be attached to and incorporated as part of the Exploration Project Contract, if such contract is entered into with you by the Government.

ANSWER EACH QUESTION ON SEPARATE SHEETS OF PAPER AND SUBMIT A COPY OF EACH ANSWER FOR EACH COPY OF YOUR APPLICATION.

3. (*a*) Describe fully the proposed work and give the total cost of the project.

   (*b*) State the time required to start the project and to complete it.

4. Submit a map or sketch of the property involved showing a plan (and cross section, if needed) of the present mine workings and the *location of the proposed exploration work* as related to geologic features, such as contacts, veins, ore-bearing beds, etc.

5. Furnish an itemized list of existing facilities, buildings, installations, and fixtures with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition.

6. Furnish a detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by you, with the estimated cost of each item.

7. Furnish a detailed list of operating equipment, separated into items to be—

   (*a*) Rented

   (*b*) Purchased

   (*c*) Furnished by you

   with the rental, purchase price, or depreciation of each item, as the case may be, to be charged as a cost of the project.

8. Furnish an itemized schedule of labor, by numbers and classes (miners, muckers, etc.) and of supervisors by numbers and positions, with the maximum wages or salaries to be paid to each.

9. Furnish a detailed list with estimated cost of each item for materials, supplies, engineering, assaying, accounting, power, water, utilities, and any other items not provided for above.

10. (*a*) How much are you prepared to invest in the proposed project?

    (*b*) Is this amount sufficient to pay your part of the cost of the project, in accordance with the regulations on Government participation (Sec. 9 of MO–5)?

11. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

PARAGON MINES, INC.
(Name of company)

By Otto Peselach
(Signature of authorized official)

May 8th, 1952
(Date)

Manager.
(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

U. S. GOVERNMENT PRINTING OFFICE 16—64067-2

Question No. 1. (a) San Bernardo Mine.

Patanted claims: Mosquito, Sur. No. 2456, San Bernardo, Sur. No. 2457 A, Honduras, Sur. No. 796, Thomas, Sur. No. 9605, San Piedro, Sur. No. 9605, San Bernardo Millsite, Sur. No. 2457 B, and Lake Placer, Sur. No. 7301.

Unpatented claims: Three Sisters, Garibaldi No. 2, Von Glen, Starling, Sonora, Lady May, Three Sisters Extensions No. 1 - 2 3 - 4 - 5 - and 6, Valley View millsite and Tailings millsite, all duly recorded on the public records in the office of the County Clerk of San Miguel, Colorado.

(b) Owner.

(c) The apex of the vein in its westerly course from the Mosquito claim is covered by claims 1200 feet wide and 7,500 feet long. The past operations have been confined to the Honduras, San Bernardo and Mosquito claims and exploration will be continued on the Mosquito claim.

Question No. 2 (a) Lead - Zinc - Copper

(b) This property produced several million dollars worth of ore intermittently from 1890 to 1928. A stope map was previously sent your office with former application Docket No. 542.

Question No. 3. (a) Drive 300 feet around cave-in and drift on vein 200 feet. Cost a total of $15,000.

(b) Start in 30 days and complete in three to four months.

Question No. 4. A stope map showing the workings was previously sent your office with former application, Docket No. 542.

Question No. 5. None.

Question No. 6. None.

Question No. 7. (c)

All furnished by our Company,

Imperial Type 10 Ingersoll Rand Air Compressor on concrete base, 75 H/P electric motor with base and starting compensator and V belts - - - - - - - - - -	$ 5,6000.00
1 mucking machine - - - - - - - - - - - -	1,330.00
1 Tramaire - - - - - - - - - - - - - - - -	1,825.00
7 - 1 ton roller bearing ore cars - - - -	900.00
2 - Ingersoll Rand drifting machines - - -	1,000.00
2,000 feet 3" and 1 1/2" water line for compressor - - - - - - - - - - - - -	650.00
1 - 7/8" two cable aerial mine supply tramway 1,000 feet long and 3/8" pull cable, and 15 horse electric motor and starting switch and hoist -	2,900.00
	14,205.00

Question NO. 8. Two miners, One tramman, One compressor man, One forman, all on contract at $17.63 per foot. 500 feet - - - - - - - - - - - -$8,815.00

Question No. 9.

Powder, fuse and caps, approximately - -	$ 2.80	per ft.
Mine track and ties, "	1.08	" ft.
Drill steel and bitts - - -"- - - -	2.08	" "
Electric power "	.75	" "
	6.71	" "

Total 500 feet $ 3,355.00

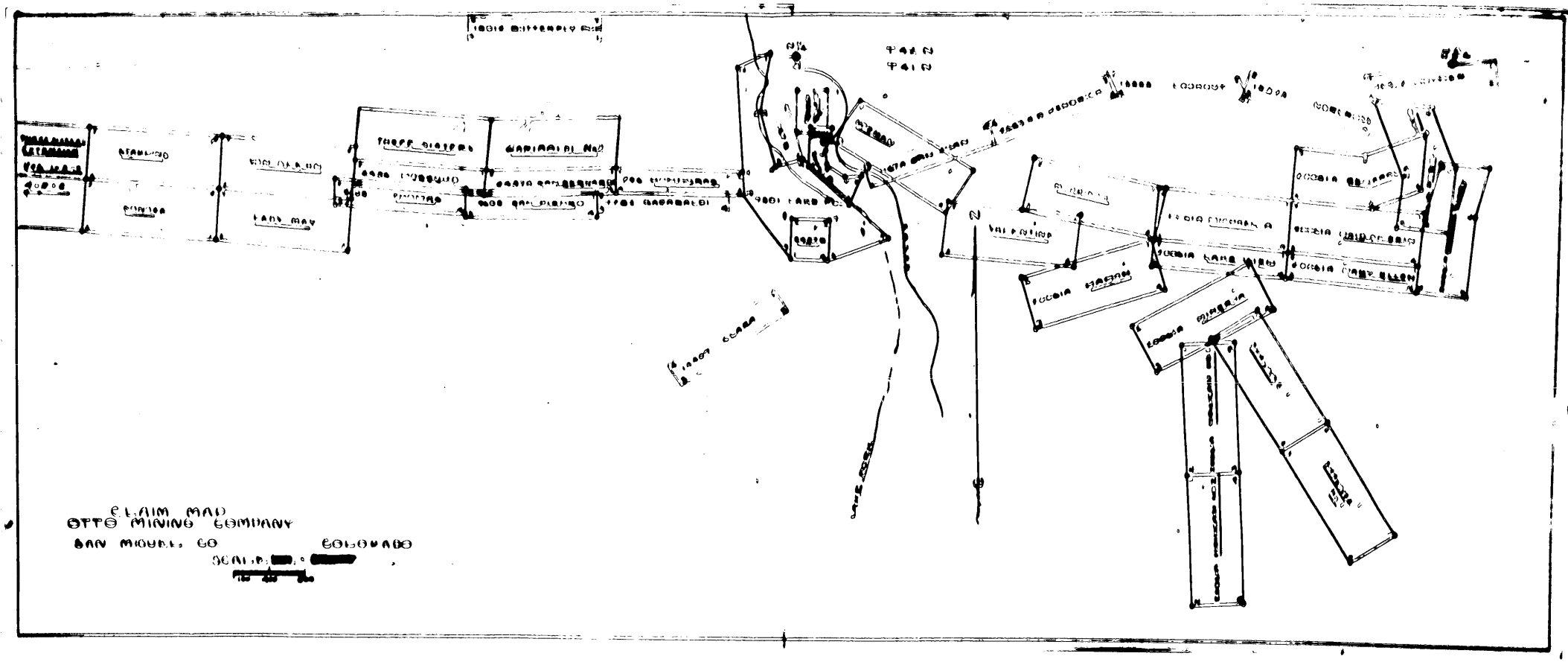
Question No. 10. (a) An amount sufficient to match regulations on Government participation. However, we should be allowed to deduct rental allowance on our equipment.

(b) Yes, it should be.

Question No. 11. Mortgage note held by Carl J. Sigfrid

Mortgage note held by clifford B. Jones

Parties will subordinate their interests in property to interest of the Government under exploration contract.


CLAIM MAP
OTTO MINING COMPANY
SAN MIGUEL, CO
COLORADO
N

DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICIAL BUSINESS

Chairman, Operating Committee
Defense Minerals Exploration Administration
Dept. of Interior
Washington 25, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

421 New Customhouse
Denver 2, Colorado

July 1, 1952

Memorandum

To: Administrator, Defense Minerals Exploration Administration
Attention: Code 210

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 2521, (Lead-Zinc-Copper), Paragon Mines, Inc., San Miguel County, Colorado

Enclosed are the original and three copies of the final report on DMEA-2521 which was an application in the amount of $15,000.

Attached are the original and one copy of Form 3b and a copy of the letter of denial to the applicant.

W. H. King
W. H. King

A. H. Koschmann
A. H. Koschmann

Enclosures

DEPARTMENT OF THE INTERIOR
Exploration
Defense
JUL 28 1952

Mining Division
Region IV

July 1, 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMEA Docket 2521, (Lead-Zinc-Copper), Paragon Mines, Inc., San Bernardo Mine, San Miguel County, Colorado

Enclosed are nine copies of the final engineering report on DMEA-2521 by Scott W. Hazen, Jr.

The applicant requested $15,000 to drive around a cave to pull stope fill and mine "ore" above the last 250 feet of drift, which is now inaccessible.

The field examiners suggested an alternate proposal of winze sinking on the accessible portion of the vein but the applicant would not agree.

The field examiners have recommended denial of this application previously and they again recommend denial.

We concur in their recommendation.

W. H. King

W. H. King

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 28 1952

Reviewed by
DMEA OPERATING COMMITTEE
8-1-52
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado

June 27, 1952

Mining Division
Date Rec'd.
1952
BUREAU OF MINES
Denver, Colorado

Memorandum

To: Acting Chief, Mining Division, Region IV

From: Chief, Colorado Branch, Mining Division, Region IV

Subject: DMRA 2721, Paragon Mines, Inc. (San Bernardo mine), San Miguel County, Colorado

Please find enclosed the original and eight copies of Scott W. Hazen, Jr.'s engineering memorandum report on the subject exploration loan application.

Otto Bonslack originally made request under DMR 742 for $30,000.00 to reopen the San Bernardo mine by means of a new drift paralleling the original main fifth level which is badly caved. This request was denied.

The applicant subsequently presented a second request direct to Washington changing only the amount to $15,000.00 instead of $30,000.00. This was denied without being sent to the field.

This last request of May 8, 1952, DMRA 2721, for $15,000.00, is essentially for the same type of work as previous ones and represents Bonslack's third attempt. There has been no change in conditions at the property and he is not interested in a modified program that could unquestionably be considered exploration and probably approved. Hazen recommends denial of the request, and I concur.

The brochure dated May 12, 1952, is enclosed.

W. M. Traver, Jr.
W. M. Traver, Jr.

Enclosures

WMT/hsm

cc: 8
DMRA 2721
Chron.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OSCAR L. CHAPMAN, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION IV

DMEA 2321, Paragon Mines, Inc.

San Bernardo Mine

San Miguel County, Colorado

Lead-Zinc-Copper

Scott W. Hazen, Jr., Mining Engineer
Bureau of Mines

June 27, 1952

June 24, 1952

Memorandum

To: A. H. Keschmann

From: E. M. Harshman

Subject: DMPA Docket 2521, Paragon Mines, Inc., San Bernardo Mine, San Miguel County, Colorado

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The work proposed in DMEA Docket 2521 is not exploration for new ore. The report by Everett and Meek indicates that the developed ore cannot be mined at a profit. It is therefore recommended that the loan be denied.

Approved
A. H. Koschmann
6/26/52

DMEA 2521

PARAGON MINES, INC.
SAN BERNARDO MINE
SAN MIGUEL COUNTY, COLORADO

Engineering Report

By Scott W. Mason, Jr.
Mining Engineer
Bureau of Mines

DMEA 2521

PARAGON MINES, INC.
SAN BERNARDO MINE
SAN MIGUEL COUNTY, COLORADO

ENGINEERING REPORT

By

Scott W. Hazen, Jr.

INTRODUCTION

The applicant has re-applied for an exploration loan of $15,000.00 on the subject property. The objective of the exploration is to continue driving a lateral drift for 300 feet around the caved portion of the existing drift on the vein and to do an additional 200 feet of drifting on the vein. These objectives are essentially the same as those defined in an earlier application, DMA 542, which was denied. The examining team could not examine the mine at that time and based their estimate of the grade of the ore reserves remaining in the mine on the grade of the past production from the mine. They concluded that the reserves were of such low grade that they could not be mined at this time at a profit.

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bam

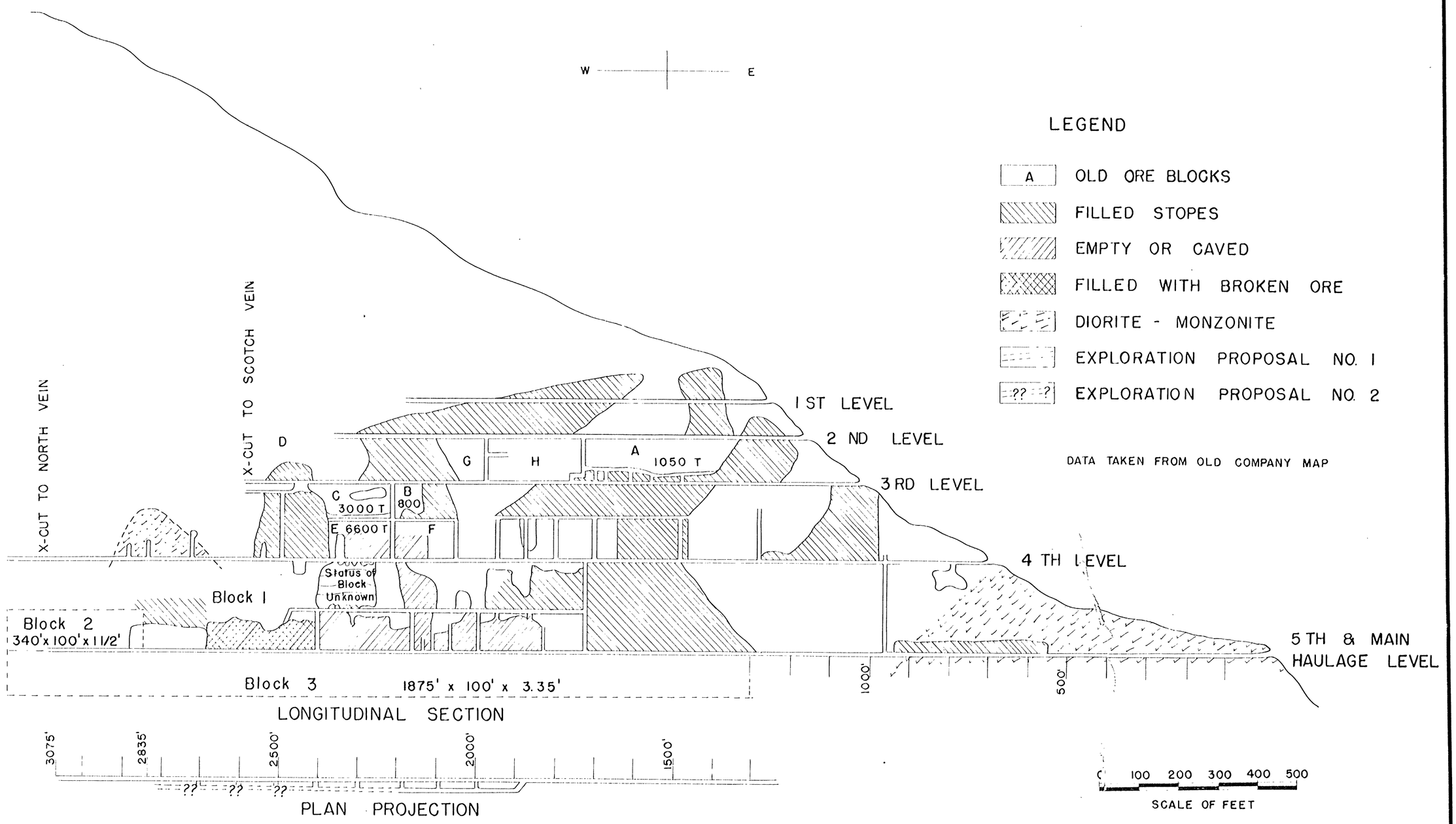

FIG. 2 PROPOSED EXPLORATION FOR PARAGON MINES, INC., SAN BERNARDO MINE DMA - 542