1091

FILE COPY
Surname:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D. C.

1-12-62

1/11 Selfridge
1/11 Fennely

Dear Senator Church:

Pursuant to the recent conversations between our offices, the complete file (DGS-4888) relating to the application for Federal exploration assistance of Mr. Joseph L. Austich now has been reviewed in detail by the DGS Review Committee.

An application (DMA-1091) filed in April of 1951 by Mr. Austich for a Government grant to explore the Champion mine was denied by the former Defense Minerals Administration on June 5, 1951, because it was believed that a sufficient tonnage of sizable grade ore to justify the expenditure of Government funds would not be found. This decision was reached under a program with less restrictive criteria than those governing the present DGS program.

After performing additional work on his property, Mr. Austich submitted to the former Defense Minerals Exploration Administration in March 1952 a second application which proposed essentially the same work as formerly proposed. On June 30, 1952, Mr. Austich was granted a DMEA contract totalling $19,318.00 as amended which incorporated substantially his proposed work of rehabilitating and further driving an existing adit to intersect the ore zone which was to be drifted on for short distances in each direction.

In the Champion mine the oxidized lead-zinc ore occurs in small irregular pockets in limestone near its contact with an intrusive granite. The adit was driven to zone in under the projected mass of ore showing on the No. 2 level zone 125 feet higher. Only a barren vein structure was found which was drifted on for several hundred feet partly in granite and which was also intersected by a 75-foot raise driven from the north drift off the adit. No ore was found by all this work to the cost of which the Government contributed $19,318.75.

After completion of the work under the DMEA contract, further mining was done in late 1954 on the No. 2 level but was stopped about December 1 because the smelter returns were too low, averaging about $10.50 a ton which would hardly have paid for mining.

On May 20, 1960, Mr. Austich submitted an application (his third) in the amount of $144,725.20 for exploration assistance in part to drive another similar adit (the third) to intersect the Champion ore zone in an area some 500 feet northerly from previous work done under the DMEA contract. After a field examination and careful assessment of

the proposal, the application was denied on June 24, 1960. The denial was based essentially upon the following definition and criteria appearing in the GSK regulations, copies of which are enclosed.

Definitions:

"(a) Exploration means the search, including related development work, for new or unexplored mineral deposits ... . The work ... shall not be conducted primarily for mining or preparation for mining."

As the proposed new adit crosscut was to pass 150 feet directly under the northern end of the existing No. 2 level where some production had been made, it would have been merely the usual work of preparation for mining.

Criteria:

"(a) The geologic probability of a significant discovery being made.

(b) The estimated cost of the exploration in relation to the size and grade of the potential deposit."

Known mine production from 1937 to date has been on the order of 2,500 tons of ore from an area that has been explored and developed by approximately 2,500 linear feet of mine workings. Such a tonnage is insignificant in view of the amount of work done. The fact that the ore occurs in the form of small, irregular pockets or lenses in conjunction with the mine's history suggests that estimated minable reserves would be only of the same order of magnitude as those mined to date. No geological criteria have been observed that would indicate otherwise.

A good part of the last production from the mine netted about $10.00 a ton. This is only about one-half the net expected by most Western mines to stay in business. A $20.00 net a ton repays the Government $1.00 in royalties under an exploration contract. Had a discovery been made here under the former DMEA contract, it would have taken about 20,000 tons of such ore to repay the Government's share.

Because of the oxidized nature of the ore, it has to be of a high enough grade to ship as such ores if milled give low recoveries if they can be milled at all.

These are the pertinent facts contained in the file. But there is another important factor that must be considered in evaluating the application. The Act authorizing the OMR program is not as broad in its scope and application as is commonly believed. Within the past year the OMR program was liberalized as much as was possible under the purview and intent of the Act. The Regulations were completely overhauled and changed to conform to the new view. As certain requirements had to be considered and other restrictions and limitations promulgated as standards or conditions by the provisions of the Act and incorporated within the regulations, the new OMR program, while liberalized, is still quite limited in scope. Admittedly there are certain areas for interpretation, but not beyond the prescribed scope and intent of the Act--and not where the restrictions and limitations are expressly set forth.

The OMR Review Committee feels that because of the facts and information contained in the file and in view of the clear-cut criteria required to be met, and after giving all facts a liberal interpretation and resolving all inferences and doubts in favor of the applicant, it still has no other choice than to support and affirm the previous denial of Mr. Aunich's application. In this it is our considered opinion that the OMR Review Committee had no other possible choice in the matter.

Sincerely yours,

Secretary of the Interior

Hon. Frank Church
United States Senate
Washington 25, D. C.

Enclosure

GCSelfridge/CFunich,Jr./hb (1/11/62)
cc: Secretary's file
Secretary's reading file
MK (2)
Dockets OMR-6888, DMRA-2502, DMA-1091 - OMR
Director's reading file, OMR
G.C.Selfridge, OMR

DMA-1091

OFFICIAL FILE COPY

Date	Surname	Code
4/7	[illegible]	500
	on lease	120
		110
		220

DMEA Form 7
(12-56)

(See incoming correspondence filed in OME-6088)

Hon. Frank Church
United States Senate
New Senate Office Building
Washington 25, D. C.

APR 7 1961

Re: OME-6088 (Lead-Zinc-Copper)
Joseph L. Ausich
Champion Mine
Custer County, Idaho

Dear Senator Church:

In response to your request of March 24, 1961, to Mr. John M. Kelly, Assistant Secretary - Mineral Resources, we have reviewed the entire matter relating to the file of Mr. Joseph L. Ausich attached to your letter.

An application (DMA-1091) filed by Mr. Ausich for a Government loan to explore the Champion Mine was denied by the former Defense Minerals Administration on June 5, 1951, because it was believed that the exploration work proposed would not open up an ore body with sufficient tonnage of minable grade to justify the expenditure of Government funds.

After performing additional work on his property, Mr. Ausich in March 1952 submitted a similar proposal (DMEA-2502) to the former Defense Minerals Exploration Administration. The work proposed was to rehabilitate approximately 152 feet of Adit No. 3, extend this adit approximately 800 feet westerly to reach the ore zone, and drift approximately 100 feet northerly and 100 feet southerly in the ore zone along a granite-limestone contact. An examination of the property was made by the DMEA Field Team. Although the surface of the ground was covered by snow, the No. 2 level was examined and mapped. The Field Team also studied several reports on previous examinations of the property made by Government and private engineers and geologists.

At the time of the examination the question of the direction of the proposed extension of No. 3 Adit was discussed quite thoroughly with Mr. Ausich, and he stated that he was in favor of the slight change in the proposed bearing of this adit as had been suggested by the Field Team.

A contract was entered into with Mr. Ausich on June 30, 1952, in which he agreed to the exploration work set forth in the contract. The work was substantially as that originally proposed by the applicant, but the adit was directed to intercept the supposed downward rake of the ore body a short distance to the south instead of directly underneath the ore body on the level above. The drift to the north explored the same area that would have been explored by drifting south if the original direction of Adit No. 3 proposed by the applicant had been followed. The north drifting was terminated because of the barren and unpromising ground encountered. The direction of No. 3 Adit was toward the ore zone and not away from it or in the opposite direction as implied in the statements of Mr. Ivan I. Taylor and Mr. David K. Bell, former contractors on the project. It was reported that Mr. Bell terminated his contract because he was unable to finance equipment repairs that had been frequently required.

A review of Mr. Ausich's and Field Team's reports on the progress of the work indicates that although the work and results were discussed from time to time, there is no record that he was not in full accord with its direction and location. Mr. Ausich had complete charge of the work and was responsible for its performance. He could have requested in writing any changes he proposed, and they would have been carefully considered. Two changes in the work requested by him were approved by amending the contract.

Members of the Field Team have stated that Mr. Ausich was in complete agreement with the work set forth in the contract and at no time was any protest made as to form and manner of the work performed. The record does not support his contention that he was not in agreement with the work being done. In his final report of July 2, 1954, Mr. Ausich stated: "The writer herewith wishes to render his thanks to the personnel of both offices as to the courteous and efficient manner upon which the duties of the project were discharged."

Unfortunately, the project was not successful in finding ore. Possibly the ore shoot does not extend to the level of No. 3 Adit. Indications are that the results would have been the same if the original proposed direction had been followed. The ore shoots are spotty and lenticular; consequently, the ore zone did not measure up to what was expected. Much of the ore recently produced from the northern end of No. 2 level was of unprofitable grade.

We truly regret that Mr. Ausich now feels he was not in full accord with the slight change in direction of Adit No. 3 to which he agreed. However, essentially, there was very little difference in the target area explored. Regardless of the direction Adit No. 3 might have been driven, drifting from it along the ore zone still would have been several hundred feet distant from the area which

Mr. Ausich proposed to explore by the new adit mentioned in his application (OME-6088) filed in May 1960. We also have reviewed this application. In view of the considerable work that already has been performed on the Champion Mine and the tonnage and grade of the ore mined, we believe that its potential would not justify additional Government funds being expended on the property.

However, if Mr. Ausich has performed additional work on this property and can furnish factual evidence which would suggest a target area of sufficient potential to justify Government participation in further exploration of his property, we shall be glad to consider a new application.

Your interest in this matter is greatly appreciated. The file from Mr. Ausich is returned.

Sincerely yours,

(signed) FRANK E. JOHNSON

Acting Director

Enclosures

FEJohnson/bih/gla
4-7-61
cc to: Director's Reading File
Mr. Johnson
Docket OME-6088
" DMEA-2502
" DMA-1091
MR (2)
Region I (2) w/2 cys enclosures
Code 500

FILE COPY
SURNAME:

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

Lyons
McKnight
Ferrebee

June 5, 1951

Re: Docket DMA-1091

Mr. Joseph L. Ausich
Box 281
Mackay, Idaho

Dear Mr. Ausich:

Your application (DMA-1091) for a Government loan to explore the Champion mine in Custer County, Idaho has been reviewed by the Lead-Zinc Branch, Defense Minerals Administration.

On the basis of the information at hand relative to the nature of the ore deposit and from the record of past production from upper levels of the mine, we do not believe that the exploration work you propose would open up an ore body with sufficient tonnage of mineable grade. We regret, therefore, that we do not feel justified in approving an expenditure of Government funds for the exploration that you propose.

We wish to thank you for bringing this deposit to our attention.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

EJLyons:emp
G 6/5/51
Copies to: 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
A. E. Weissenborn Region II (2)

P.S. We are returning the material you submitted in support of your application, together with the maps under separate cover.

FILE COPY
SURNAME:

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

Lee on McKnight Hughes

June 4, 1951

Memorandum

Re: Docket DMA-1091

To: Executive Secretary, D. M. A.

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

Subject: Recommendation for denial of application (DMA-1091) for an exploration loan of $25,500, submitted by Joseph L. Ausich of Mackay, Idaho.

The Lead-Zinc Branch has reviewed the application submitted by Joseph L. Ausich of Mackay, Idaho for a loan to explore the Champion mine, Alder Creek mining district, Custer County, Idaho.

The Champion mine is developed in a breccia zone, 15 to 30 ft. wide, in limestone near the contact with a granite porphyry. The mine has four tunnels developed on four levels. Numbers 1 and 2 adits and their adjacent workings are in the ore zone; number 3 would have to be extended about 600 ft. and number 4 about 1500 ft. before the ore zone would be reached. Number 2 adit is about 140 ft. vertically below number 1, number 3 about 185 ft. below number 2, and number 4 about 400 ft. below number 3.

The deposit down to the number 2 level consists of oxidized lead and zinc ore. Past production from the mine has been from extremely irregular pockets of high grade ore which was selectively mined and sorted, within the breccia zone. Since 1944 production has been less than 1,000 tons according to the U. S. Bureau of Mines Mineral Yearbook.

A U. S. Bureau of Mines War Minerals Report dated March, 1945, stated that there was about 40,000 tons of ore estimated as containing about 4% Pb, 4% Zn, and 1 oz. Ag above the number 2 level. However, it further stated that this ore because of its oxidized nature could not be economically mined and concentrated. Based on comparison with the nearby Empire copper mine, the Bureau of Mines believed that the oxidation extended at least 500 ft. below the number 2 level. The report recommended exploration below the zone of oxidation.

DMA 1091

P32

The applicant proposes to extend number 3 tunnel a distance of about 600 ft. to the ore zone and then drift 200 ft. each way in the ore zone from the tunnel. Diamond drilling was not considered advisable because of the irregular shape and size of the high grade ore pockets.

The work proposed by the applicant probably would be in the oxidized zone much of which might not be mineable. Because of this, it is recommended that the application be denied and the attached letter sent to the applicant.

Attached is the original docket consisting of the following:

Letter of transmittal from A.E. Weissenborn, Region II, to L. F. Strobel, Executive Secretary. (April 24, 1951)

Letter from Joseph L. Ausich to A. E. Weissenborn, requesting return of data submitted. (4-18-51)

Original and 1 copy of letter of application for exploration loan from J. L. Ausich to A. E. Weissenborn. (4-17-51)

Original and 1 copy of "Report on The Champion Mine, Mackay, Idaho," by A. K. Guard.

4 maps in mailing tube.

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

Approved:

Tom Lyon

Director, Supply Division

EJLyons:emp
G 6/4/51
Copies to: A. E. Weissenborn, Region II (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors reading file 4214 GSA
Br. reading file 4214 GSA
Files

FILE COPY
SURNAME:

Strobel

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

May 4, 1951

Mr. Joseph L. Ausich
Box 281
Mackay, Idaho

Subject: DMA-1091
Re: Loan - $25,500
Champion Mine

My dear Mr. Ausich:

Receipt is acknowledged of your application and attachments of April 17 for a Government loan under the Defense Production Act of 1950.

The application was assigned Docket Number 1091 and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch, on May 1.

In any future correspondence relating to your application, kindly refer to DMA-1091.

Sincerely yours,

LANDON F. STROBEL

a.e.c.

Landon F. Strobel
Executive Secretary

LFSTROBEL:aec
copies to Strobel-2
Files
Mr. Herres
Mr. Lyon

LANDON F. STROBEL

dma-1091

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington

April 24, 1951

Mr. L. F. Strobel
Executive Secretary
Defense Minerals Administration
Washington 25, D. C.

Dear Mr. Strobel:

I am enclosing herewith an application from Mr. Joseph L. Ausich, Box 281, Mackay, Idaho, relative to an exploration contract on the Champion mine near Mackay. At the time that Mr. Ausich made his application, MF-103 was not available here; consequently, we were unable to provide him with these forms. I think, however, that Mr. Ausich has given sufficient information so that his application could be considered. He has not defined the block for which he will be exploring, but I believe from discussions with him that this would be the entire block of ground except the ore which has already been developed in the present workings above the sub-level below the Number 2 level. (See his attached map.) The ore apparently is lead-zinc, and therefore the contract would be on a 50-50 basis.

Sincerely yours,

A E Weissenborn

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures -Maps-Under separate cover (~~Maps not in yet~~) M.P. # 3618.

cc: U.S. Bur. Mines

Maps in Separate Roll

MAY 2 1951

BUREAU OF MINES
WASHINGTON, D. C.

APR 30 3 15 AM '51

dma 1091

f - 18.51

Al -

I would apprec. your returning all information after same has cleared all channels, especially the maps.

Kind regards.

Jos. W. Musick

The maps are sent under separate cover _____

dmm 1091

Mackay, Idaho
Box 281
April 17, 1951

A. E. Weissenborn
Office of Defense Minerals Administration
United States Geological Survey
157 South Howard Street
SPOKANE, Washington

Dear Mr. Weissenborn:

Re: Champion Mine - Mackay, Idaho
Exploration Loan for $25,500.00

I would greatly appreciate in your accepting this letter as an application for a "D. M. A. Exploration Loan" for the Champion Mine property to be let on a "Matching-fund" basis., for the purpose of extending the present No. 3 adit to ore zone.

The Champion property is located in the Alder Creek Mining District., Custer County., eight miles south-westerly from the railhead at Mackay, Idaho., with a well constructed mine road and affords access with a minimum of maintance.

Several early day shipments have been made from the Champion Mine., also during World War 11 approx. 18 rail-road cars of crude ore was shipped., the property at present idle, as all mineable ore bodies are extending downward, necessetating under-hand stope method, which would not be feasible due to economic reasons.

The Champion Mine has attracted much attention as a good, potential Lead-Zinc-Copper producer with a small amount of carefuly planned exploration work. Several different Government Agencies., as well as private engineers and geologists have examined and reported favorably upon this property, following is a list:

1. Joseph B. Umpleby., United States Geological Survey., per Prof. Paper 97., page No. 101.

2. Several Engineers & Geologists examined this property of the Reconstruction Finance Corporation and a $5,000.00 loan was granted to David E. Bell (a lessee) upon May, 1943 and reference is made to David E. Bell., Docket No. B-ND-4736 (R.F.C.) Salt Lake City, Utah

3. Lessee D. E. Bell made application for mine access road., which had to be passed and approved by the U.S. Bureau of Mines. Mr. John W. Taber., mining Engineer along with his Chief Mr. S. H. Lorrain passed on the mine prior to the road construction, which was constructed by Bureau of Mines approval.

4. The U.S. Bureau of Mines at Albany, Ore., specificaly Mr. S.H.Lorrain have stated that the Champion Mine is of such interest that it is currently set up in their files for a "Drilling Project" and same is kept in their active files pending possible appropriation sufficient to undertake it.

5. Mr. Elton C. Youngberg., Mining Engineer & Geologist., formerly of the Howe Sound Mining Co. and at present on the staff of the U.S.G.S. in Spokane, Wash., in your organization., examined and passed the Champion Mine for the Cascade Exploration, Inc., of Holden, Washington. The Cascade group were lessees

6. A copy of geological report is enclosed herewith., data compiled by

A.E.Weissenborn
D.M.A.
Spokane, Wash.

4/17-51
Box 281
Mackay, Idaho

6. Mr. A. K. Guard., Mining Engineer & Geologist., at present Mgr. & President of the Minerals Research ~~Co~~ Corp. P.O.Box 1732., Boise, Idaho.

Upon checking the files of the various Government Agency's., many details of this property are well explained in their various reports and data.
I would like to herewith incorporate four copies of Mr. Guard's reports to become part of this application: for the necessary information that your office may require, and therefore need not repeat the geological information that you may require. I believe that your Mr. Youngberg of your staff may also have additional information in his files relative to the Champion Mine.

I am also enclosing herewith 4 copies of mining maps of the Champion Mine compiled by Mr. Guard for your information.

As you will note that the proposed exploration work (see map) to extend the No. 3 adit to the ore zone, a distance of approx. 600 ft. of crosscut and a drifting of 200 ft. in each direction or a total of 400 ft. of drifting making a combined total of 1,000 ft., in the proposed extension of the No. 3 adit to the ore zone would explore new ground and give one a vertical distance of approx. 198 ft. below the No. 2 adit., with the possibilities of ecountering Copper, Zinc., Lead., Flourite and possibly Tungsten.

The work planned above to fully explore this promising deposit, totals 1,000 ft. and is estimated to cost $25.50 per foot, or a combined total of $25,500.00. The price estimate of $25.50 per foot was determined in the following manner:

* Contract work and to include timbering where necessary	$13.50	per foot
Dynamite, Gas, Steel, Rail, Pipe & Timber	9.00	" "
Supervision etc.	3.00	" "
Total Estimated Cost per foot	25.50	

* Be advised that we are located only 28 miles north of Arco, Idaho where the Atomic Energy have their large A.E.C. project in progress, therefore our labor market will be tight, also we have a competitive high wage scale. Our plan is to offer the contract work on a bid basis and ~~xx~~ award same to the lowest bidder., thereby, perhaps shaving this cost downward.

Our proposed plan of operation is to employ two shifts per each 24 hrs., with 2 men to a shift under-ground and one man on the outside to act as a foreman also to take care of the compressor., frame and rustle timber., sharpen steel etc. This will mean a labor requirement of a total of 6 men for this exploration program.

The equipment necessary to carry out the complete program will be, viz:

1	Eimco pneumatic rocker shovel
1	105 c.f.m. I.R. Compressor
1	Sullivan pneumatic Steel Sharpener
1	Gasoline operated chain saw
1	1-Ton 4-wheel-drive., Willy's Overland Truck
1	G.D. # 89 Automatic Drifter

A.E.Weissenborn
Spokane, Wash

4/17-51
Mackay, Ida

1	Shell Mounted Jackhammer
2	Self Rotator Stoper Drill
1	Sullivan Tugger
1	Mine Ventilation Fan., w/Gasoline operated motor
2	Air Receiver Tanks
1	Complete Blacksmith Equipment
4	End Dump Type., 3/4 ton Mining Cars
2	Water Pressure Tanks., for Drilling Puprposes
300 ft.	Air & Water Rubber Hoses
3	Automatic Air Oil Lubricators
1	Rail Bender
1	Jack-hammer
2	complete columns, arms etc., for drifters
1	complete hand tools etc.
1	Pneaumatic Air Saw for framing timbers.

All needed supplies, timbers, steel, pipe, fittings, rails can be procurred locally.

Production from this mine is planned to be marketed as a crude ore product.

The Champion Mine is owned jointly by Joseph L. Ausich and Ann Ausich of Mackay, Idaho and Michael Ausich of Las Vegas, Nevada. Jos. L. Ausich being duly appointed and authorized as manager. There are no encumbrances against this property.

Proposed plans are to repay the D.M.A. upon a net smelter royalty percentage basis from ore shipments of the No. 3 adit which this proposal embraces.

The operator to assume the responsibility of supervision of this work will be Jos. L. Ausich., having many years of ~~min~~ experience in prospecting, mining and marketing of ores.

Respectfuly submitted,

FOR THE CHAMPION MINE

By: Joseph L. Ausich
Joseph L. Ausich, Mgr.

a
Encl. 12., viz:
Orig. & 3 copies of letter of transmittal
4 ea. copies of Mine Maps Champion Mine
4 ea. copies of Reg. Geologist & Eng. Engr. Reports by A.K.Guard.
cc/f

A REPORT

on

THE CHAMPION MINE

Mackay, Idaho

by

A. K. Guard

COPY

THE CHAMPION MINE

Summary

The Champion Mine has development work on four levels-- two of which develop a thirty-foot ore zone adjacent to a highly mineralized granite-limestone contact zone. A record of ore shipments made from No. 1 and No. 2 Levels shows good values present. Geologic conditions for valuable ore deposition below the present exploration are favorable.

In considering No. 4 Tunnel versus No. 3 Level for an exploration program the choice falls on the No. 3 Level for economic reasons which need not be set out in detail here.

It is therefore recommended that the No. 3 Level be extended to the ore zone, a distance of about six hundred feet, and that drifting of two hundred feet in each direction be undertaken.

Most of the equipment fro carrying out this program is available at the mine.

Conclusion

The Champion Mine is located on a favorable ore zone and warrants a definite program of exploration. It has a better than average chance of paying off the investment required for the exploration recommended herein.

Boise, Idaho
April 10, 1951

COPY

A. K. Guard

THE CHAMPION MINE

LOCATION

The Champion Mine is located in Alder Creek Mining District, Custer County, eight miles south-westerly from the railhead at Mackay, Idaho. The group comprises eleven claims and lies mostly on the eastern slope of a southern shoulder of White Knob Mountain at an elevation of about 8,000 feet.

ACCESSIBILITY

The little-used mine road is well constructed and affords access to the mine with a minimum of maintenance.

OWNERSHIP

The Champion Mine is owned jointly by Joseph L. Ausich and Ann Ausich of Mackay, Idaho and Michael Ausich of Los Vegas, Nevada. Joseph L. Ausich is the manager.

CLIMATE and VEGETATION

The precipitation of the Mackay area is scant. Sage bush grows on the lower slopes and in the valley where crops are supported by irrigation. The high mountain slopes, with peaks reaching 10,000 to 11,000 feet altitude has a

COPY

has a heavier precipitation much of which is in the form of snow. Some of these slopes support a good growth of timber including lodge pole, yellow pine, and some spruce and fir.

An adequate supply of mine timber from one of these slopes is a valuable asset of the Champion Mine.

Water

Water could be piped from Tuscarora Creek to the mine but the supply would not be sufficient the year around to supply a mill. During spring and early summer drips in the mine give enough water to run one or two drills; but it is generally found more convenient to haul the water for this purpose. Near the No. 4 Tunnel is a spring which feeds into Cliff Creek. This may become important in future development of this mine.

Regional Geology

The regional country rock is limestone cut by a few trachite porphyry dikes capped by rhyolite lava. The lava-capped limestone is marked by a local uplift due to the intrusion of a granite-porphyry stock, dikes of which cut the adjacent limestone.

Contact Mineralization

The contact zone of granite-porphyry with limestone shows typical skarn mineralization of garnet, epidote

COPY

and magnetite. A little copper and some flourite occurs in most of the skarn. In places considerable copper deposition is present.

On the north eastern contact zone, for example, the Empire Mine developed sizeable gold-bearing copper ore bodies with occasional shoots containing mineable scheelite and a minor flourite content.

In some places along the contact the magnetite deposition assumes massive proportions of potential economic importance.

In one place an alteration deposit close to the contact zone consists of massive siderite crystals of enormous size. Interstitial among these crystals are pods of coarsely crystalline silver-bearing galena.

Further away from the immediate contact zone are fissures containing complex lead ores, mostly carbonates, but with an occasional pocket of galena. The wallsnof some of these lead-carbonate fissures frequently have massive lenses of reddish-brown jasper or chert in which are enclosed minute well-preserved galena crystals and fragments of other lead, zinc and iron minerals. Most of the lead fissures also carry zinc.

Occasional lenses of nearly pure zinc minerals occur in fissures similar to those in which the lead ores lie.

COPY

The zinc ores also are complex. Smithsonite, and calamine are common with occasional remnants of sphalerite.

All the ore deposits so far explored along this contact zone, a distance of several miles, have been marked by a common feature of unpredictable irregularity with reference to both size and shape. Generally speaking, if an ore deposit is lenticular the thickness of the lens gives a clue to length and depth. This is not true of the irregular bodies along this contact zone.

Another common feature observed in all these deposits is extreme alteration marked by ground water activity. There has been some hydro-thermal activity and later downward redeposition of what appears to have been at one time massive sulphide ore bodies containing gold, silver, copper, lead, zinc, and other associated minerals.

No part of the contact zone, even at the Empire Mine, has ever been explored at depth.

Champion Mine Workings

The Champion Mine workings consist of tunnels on four levels. The adit of No. 1 Level is 1,150 feet horizontally distant from the adit of No. 4 Tunnel and is 730 feet vertically above the No. 4 Tunnel. No. 1 Level consists of about 370 feet of drifts, shafts and raises. No. 2 Level is about 140 feet vertically below No. 1 Level and consists of more than

COPY

1,500 feet of crosscuts, drifts, shafts and raises. No. 3 Level is about 185 feet vertically below No. 2 Level and consists of 154 feet of crosscut. The No. 4 Tunnel is 400 feet vertically below the No. 3 Level and consists of seventy-three feet of crosscut.

Ore Zone and Mineralization

The ore zone is about thirty feet wide. It cuts limestone with a sixty degree westerly dip and strikes nearly due north. It is well exposed on both the No. 1 and No. 2 Levels. It is marked by faulting and brecciation and a few completely decomposed granite-porphyry dikes ranging in thickness from one inch to ten inches except in the walls of the ore zone where indications are that these dikes may be considerably thicker.

There is no conclusive proof that these dikes are the mineralizers. They may, indeed, be much older than the sulphide mineral injections. The zone is further marked by limestone boulders and pre-mineralization solution cavities in limestone. Some stratification of material filling these cavities is in evidence. Other caves appear to have been filled with sulphides and could possibly be of replacement origin although the outline of the sulphide bodies has an

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abrupt termination against irregular walls such as are commonly derived from water action in limestone. In places remnants of the original sulphides remain but generally speaking most of the sulphides, lead and zinc, are altered to secondary minerals which consist predominantly of carbonates with a complexity of other lead and zinc minerals of which no complete petrographic and mineralogic study is available. Along the walls occasional massive lenzes of reddish-brown iron-stained jasper enclose minute galena crystals and here and there a few sphalerite crystals. Some of this jasper carries enough lead to have made shipping ore in the past on the No. 1 Level.

The matrix of the ore zone contains ~~Smpleme~~ to ~~hxdpercent~~ lead and an undetermined amount of zinc. The irregular pockets within the zone contain complex lead ores assaying from nine to thirty-four percent lead. It is from these irregular pockets within the zone that shipments have been made in the past. Smelter return statements covering values of ore shipped are in the possession of Mr. J.L. Ausich.

Throughout the zone, iron gossan is present and some of this is concentrated into a silicious limonitic iron on the walls of the zone. The evidence of strong leaching is plain throughout.

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Ore Deposition Possibilities

The general appearance of the ore and its subtle change downward from No. 1 Level to No. 2 Level shows a trend which is an indication that the more massive deposits are to be found lower in the zone. Definitely, downward leaching has occurred; and it is to be expected that enrichment zones of redeposition will be found at a lower level.

The regional geologic history of uplift, either as a continuous gradual uplift or a succession of uplifts, will probably be found to have affected this redeposition. There may have been a gradual changing upwardly of a water table, or there may, on the other hand, have been a succession of water tables each of which remained static for a long enough period to effect separate enrichment zones. Exploration at depth may reveal which of these conditions prevailed.

It is the writer's opinion that the No. 3 Level offers a good possibility of uncovering valuable ore pockets; but he is inclined to believe that the No. 4 Level will, when eventually driven to intercept the ore zone, offer the best possibilities for uncovering substantial ore bodies and give the most economic adit for developing a good mine.

Proposed Development

The No. 3 Level is the only one which has a road directly to the tunnel portal. There, too, several useable

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buildings are on the road adjacent to the portal.

By extending the No. 3 Level a distance of six hundred feet the ore zone will be pierced.

To further explore the ore zone a minimum of two hundred feet of tunnel should be driven in each direction from the crosscut.

This development work is recommended because it is the most immediately economic program on the property and its chance of paying off is very good.

I wish to stress, that while ore may be encountered immediately upon piercing the ore zone, the two hundred-feet drifts in each direction should be completed before stoping of the ore is undertaken. This is suggested as a safeguard in order that a proper long-range program of economic development of the mine can be carried through.

A diamond drilling program to explore the ore zone has been considered from the present face of the No. 3 Tunnel; but due to the extreme irregularity of the ore pockets the information gleaned through diamond drilling could prove very misleading. Crosscutting and drifting on the ore zone is preferable.

There are several points in favor of exploring the No. 4 Tunnel:

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1. Near the No. 4 Tunnel water is available.

2. It is situated at the head of a gulch readily accessible from the road at Cliff Creek. This would shorten access to the mine by more than two miles and give a better year-around road.

3. It offers an ideal site for mill and mine buildings and yet has enough slope to make waste disposal from development work easy.

4. The greatest depth possible for exploring the ore zone without sinking a costly shaft would be from this point-- four hundred feet vertically below the No. 3 Tunnel.

The main objection to undertaking exploration f from the No. 4 Tunnel is the cost of driving a crosscut which might have to be more than fifteen hundred feet long. However, the possibility of encountering other hitherto unknown ore bodies does exist because the granite contact at that depth might turn out to be considerably less than fifteen hundred feet away.

Buildings and Equipment

At the Number two portal is a small but fairly well-equipped belcksmith shop. Access to this level is given by a one hundred and forty-foot long slide-skip operated by a small tugger. A trestle-supported chute transfers the ore

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from this level to the sixty-ton-capacity ore bunker on the the road. Adjacent to the ore bunker is a serviceable compressor shed where also is housed a large pressure tank.

On the road extending past the number three portal are three, more or less, habitable buildings and one compressor shed.

The rail tracks and air pipes in No. 2 Tunnel are ample and in good shape. On the No. 3 Level the tracks are in good shape. A considerable amount of extra one-and-one-half and two-inch pipes are available.

There is a one-hundred and five c.f. compressor in good working order. There are also two jack hammers, a stoper, tugger, three three-quarter ton end-dump mine cars, a good supply of hoses, and a considerable amount of tools and small equipment.

Summary

The Champion Mine has development work on four levels-- two of which develop a thirty-foot ore zone adjacent to a highly mineralized granite-limestone contact zone. A record of ore shipments made from No. 1 and No. 2 Levels shows good values present. Geologic conditions for valuable ore deposition below the present exploration are favorable.

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In considering No. 4 Tunnel versus No. 3 Level for an exploration program the choice falls on the No. 3 Level for economic reasons which need not be set out in detail here.

It is therefore recommended that the No. 3 Level be extended to the ore Zone, a distance of about six hundred feet, and that drifting of two hundred feet in each direction be undertaken.

Most of the equipment for carrying out this program is available at the mine.

Conclusion

The Champion Mine is located on a favorable ore zone and warrants a definite program of exploration. It has a better than average chance of paying off the investment required for the exploration recommended herein.

Boise, Idaho
April 10, 1955
A. H. Guard

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dmc 1091

Mr. Cuisick

Mackay, Idaho
Box 281
April 17, 1951

A. E. Weissenborn
Office of Defense Minerals Administration
United States Geological Survey
137 South Howard Street
SPOKANE, Washington

Dear Mr. Weissenborn:

Re: Champion Mine - Mackay, Idaho
Exploration Loan for $25,500.00

I would greatly appreciate in your accepting this letter as an application for a "D. M. A. Exploration Loan" for the Champion Mine property to be let on a "Matching-fund" basis., for the purpose of extending the present No. 3 adit to ore zone.

The Champion property is located in the Alder Creek Mining District., Custer County., eight miles south-westerly from the railhead at Mackay, Idaho., with a well constructed mine road and affords access with a minimum of maintance.

Several early day shipments have been made from the Champion Mine., also during World War II approx. 18 rail-road cars of crude ore was shipped., the property at present idle, as all mineable ore bodies are extending downward, necessetating under-hand stope method, which would not be feasible due to economic reasons.

The Champion Mine has attracted much attention as a good, potential Lead-Zinc-Copper producer with a small amount of carefuly planned exploration work. Several different Government Agencies., as well as private engineers and geologists have examined and reported favorably upon this property, following is a list:

1. Joseph B. Umpleby., United States Geological Survey., per Prof. Paper 97., page No. 101.

2. Several Engineers & Geologists examined this property of the Reconstruction Finance Corporation and a $5,000.00 loan was granted to David E. Bell (a lessee) upon May, 1943 and reference is made to David E. Bell., Docket No. R-MP-4736 (R.F.C.) Salt Lake City, Utah

3. Lessee D. E. Bell made application for mine access road., which had to be passed and approved by the U.S. Bureau of Mines. Mr. John W. Taber., mining Engineer along with his Chief Mr. S. H. Lorrain passed on the mine prior to the road construction, which was constructed by Bureau of Mines approval.

4. The U.S. Bureau of Mines at Albany, Ore., specifically Mr. S.H.Lorrain have stated that the Champion Mine is of much interest that it is currently set up in their files for a "Drilling Project" and same is kept in their active files pending possible appropriation sufficient to undertake it.

5. Mr. Elton C. Youngberg., Mining Engineer & Geologist., formerly of the Puget Sound Mining Co. and at present on the staff of the U.S.G.S. in Spokane, Wash., in your organization., examined and passed the Champion Mine for the Cascade Exploration, Inc., of Holden, Washington. The Cascade group were lessees

6. A copy of geological report is enclosed herewith., data compiled by

A.E.Weissenborn
B.E.A.
Spokane, Wash.

4/17-51
Box 231
Mackay, Idaho

6. Mr. A. K. Guard., Mining Engineer & Geologist., at present Mgr. & President of the Minerals Research ~~Mr~~ Corp. P.O.Box 1732., Boise, Idaho.

Upon checking the files of the various Government Agency's., many details of this property are well explained in their various reports and data.
I would like to herewith incorporate four copies of Mr. Guard's reports to become part of this application: for the necessary information that your office may require, and therefore need not repeat the geological information that you may require. I believe that your Mr. Youngberg of your staff may also have additional information in his files relative to the Champion Mine.

I am also enclosing herewith 4 copies of mining maps of the Champion Mine compiled by Mr. Guard for your information.

As you will note that the proposed exploration work (see map) to extend the No. 3 adit to the ore zone, a distance of approx. 600 ft. of crosscut and a drifting of 200 ft. in each direction or a total of 400 ft. of drifting making a combined total of 1,000 ft., in the proposed extension of the No. 3 adit to the ore zone would explore new ground and give one a vertical distance of approx. 198 ft. below the No. 2 adit., with the possibilities of encountering Copper, Zinc., Lead., Flourite and possibly Tungsten.

The work planned above to fully explore this promising deposit, totals 1,000 ft. and is estimated to cost $25.50 per foot, or a combined total of $25,500.00. The price estimate of $25.50 per foot was determined in the following manner:

* Contrast work and to include timbering where necessary	$13.50	per foot
Dynamite, Gas, Steel, Rail, Pipe & Timber	9.00	" "
Supervision etc.	3.00	" "
Total Estimated Cost per foot	25.50	

* Be advised that we are located only 20 miles north of Arco, Idaho where the Atomic Energy have their large A.E.C. project in progress, therefore our labor market will be tight, also we have a competitive high wage scale. Our plan is to offer the contract work on a bid basis and ~~wx~~ award same to the lowest bidder., thereby, perhaps shaving this cost downward.

Our proposed plan of operation is to employ two shifts per each 24 hrs., with 2 men to a shift under-ground and one man on the outside to act as a foreman also to take care of the compressor., frame and rustle timber., sharpen steel etc. This will mean a labor requirement of a total of 6 men for this exploration program.

The equipment necessary to carry out the complete program will be, viz:

1 Simco pneumatic rocker shovel
1 105 c.f.m. I.R. Compressor
1 Sullivan pneumatic Steel Sharpener
1 Gasoline operated chain saw
1 1-Ton 4-wheel-drive., Willy's Overland truck
1 C.P. # 89 Automatic Drifter

A.E.Weissenborn
Spokane, Wash

4/17-51
Mackay, Ida

1	Shell Mounted Jackhammer
2	Self Rotator Stoper Drill
1	Sullivan Tugger
1	Mine Ventilation Fan., w/Gasoline operated motor
2	Air Receiver Tanks
1	Complete Blacksmith Equipment
4	End Dump Type., 3/4 ton Mining Cars
2	Water Pressure Tanks., for Drilling Purposes
300 ft.	Air & Water Rubber Hoses
3	Automatic Air Oil Lubricators
1	Rail Bender
1	Jack-hammer
2	complete columns, arms etc., for drifters
1	complete hand tools etc.
1	Pneumatic Air Saw for framing timbers.

All needed supplies, timbers, steel, pipe, fittings, rails can be procurred locally.

Production from this mine is planned to be marketed as a crude ore product.

The Champion Mine is owned jointly by Joseph L. Ausich and Ann Ausich of Mackay, Idaho and Michael Ausich of Las Vegas, Nevada. Jos. L. Ausich being duly appointed and authorized as manager. There are no encumbrances against this property.

Proposed plans are to repay the D.M.A. upon a net smelter royalty percentage basis from ore shipments of the No. 3 adit which this proposal embraces.

The operator to assume the responsibility of supervision of this work will be Jos. L. Ausich., having many years of mine experience in prospecting, mining and marketing of ores.

Respectfully submitted,

FOR THE CHAMPION MINE

By: Joseph L. Ausich
Joseph L. Ausich, Mgr.

e
Encl. 12., viz:
Orig. & 3 copies of letter of transmittal
4 on. copies of Line Maps Champion Mine
4 on. copies of Reg. Geologist & Eng. Engr. Reports by A.A.Guard.
cc/f

A REPORT

on

THE CHAMPION MINE

Mackay, Idaho

by

A. K. Guard

COPY

THE CHAMPION MINE

Summary

The Champion Mine has development work on four levels-- two of which develop a thirty-foot ore zone adjacent to a highly mineralized granite-limestone contact zone. A record of ore shipments made from No. 1 and No. 2 Levels shows good values present. Geologic conditions for valuable ore deposition below the present exploration are favorable.

In considering No. 4 Tunnel versus No. 3 Level for an exploration program the choice falls on the No. 3 Level for economic reasons which need not be set out in detail here.

It is therefore recommended that the No. 3 Level be extended to the ore zone, a distance of about six hundred feet, and that drifting of two hundred feet in each direction be undertaken.

Most of the equipment fro carrying out this program is available at the mine.

Conclusion

The Champion Mine is located on a favorable ore zone and warrants a definite program of exploration. It has a better than average chance of paying off the investment required for the exploration recommended herein.

Boise, Idaho
April 10, 1951

COPY

A. K. Guard

THE CHAMPION MINE

LOCATION

The Champion Mine is located in Alder Creek Mining District, Custer County, eight miles south-westerly from the railhead at Mackay, Idaho. The group comprises eleven claims and lies mostly on the eastern slope of a southern shoulder of White Knob Mountain at an elevation of about 8,000 feet.

ACCESSIBILITY

The little-used mine road is well constructed and affords access to the mine with a minimum of maintenance.

OWNERSHIP

The Champion Mine is owned jointly by Joseph L. Ausich and Ann Ausich of Mackay, Idaho and Michael Ausich of Los Vegas, Nevada. Joseph L. Ausich is the manager.

CLIMATE and VEGETATION

The precipitation of the Mackay area is scant. Sage bush grows on the lower slopes and in the valley where crops are supported by irrigation. The high mountain slopes, with peaks reaching 10,000 to 11,000 feet altitude has a

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has a heavier precipitation much of which is in the form of snow. Some of these slopes support a good growth of timber including lodge pole, yellow pine, and some spruce and fir.

An adequate supply of mine timber from one of these slopes is a valuable asset of the Champion Mine.

Water

Water could be piped from Tuscarora Creek to the mine but the supply would not be sufficient the year around to supply a mill. During spring and early summer drips in the mine give enough water to run one or two drills; but it is generally found more convenient to haul the water for this purpose. Near the No. 4 Tunnel is a spring which feeds into Cliff Creek. This may become important in future development of this mine.

Regional Geology

The regional country rock is limestone cut by a few trachite porphyry dikes capped by rhyolite lava. The lava-capped limestone is marked by a local uplift due to the intrusion of a granite-porphyry stock, dikes of which cut the adjacent limestone.

Contact Mineralization

The contact zone of granite-porphyry with limestone shows typical skarn mineralization of garnet, epidote

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and magnetite. A little copper and some flourite occurs in most of the skarn. In places considerable copper deposition is present.

On the north eastern contact zone, for example, the Empire Mine developed sizeable gold-bearing copper ore bodies with occasional shoots containing mineable scheelite and a minor flourite content.

In some places along the contact the magnetite deposition assumes massive proportions of potential economic importance.

In one place an alteration deposit close to the contact zone consists of massive siderite crystals of enormous size. Interstitial among these crystals are pods of coarsely crystalline silver-bearing galena.

Further away from the immediate contact zone are fissures containing complex lead ores, mostly carbonates, but with an occasional pocket of galena. The wallsnof some of these lead-carbonate fissures frequently have massive lenses of reddish-brown jasper or chert in which are enclosed minute well-preserved galena crystals and fragments of other lead, zinc and iron minerals. Most of the lead fissures also carry zinc.

Occasional lenses of nearly pure zinc minerals occur in fissures similar to those in which the lead ores lie.

COPY

The zinc ores also are complex. Smithsonite, and calamine are common with occasional remnants of sphalerite.

All the ore deposits so far explored along this contact zone, a distance of several miles, have been marked by a common feature of unpredictable irregularity with reference to both size and shape. Generally speaking, if an ore deposit is lenticular the thickness of the lens gives a clue to length and depth. This is not true of the irregular bodies along this contact zone.

Another common feature observed in all these deposits is extreme alteration marked by ground water activity. There has been some hydro-thermal activity and later downward redeposition of what appears to have been at one time massive sulphide ore bodies containing gold, silver, copper, lead, zinc, and other associated minerals.

No part of the contact zone, even at the Empire Mine, has ever been explored at depth.

Champion Mine Workings

The Champion Mine workings consist of tunnels on four levels. The adit of No. 1 Level is 1,150 feet horizontally distant from the adit of No. 4 Tunnel and is 730 feet vertically above the No. 4 Tunnel. No. 1 Level consists of about 370 feet of drifts, shafts and raises. No. 2 Level is about 140 feet vertically below No. 1 Level and consists of more than

COPY

1,500 feet of crosscuts, drifts, shafts and raises. No. 3 Level is about 185 feet vertically below No. 2 Level and consists of 154 feet of crosscut. The No. 4 Tunnel is 400 feet vertically below the No. 3 Level and consists of seventy-three feet of crosscut.

Ore Zone and Mineralization

The ore zone is about thirty feet wide. It cuts limestone with a sixty degree westerly dip and strikes nearly due north. It is well exposed on both the No. 1 and No. 2 Levels. It is marked by faulting and brecciation and a few completely decomposed granite-porphyry dikes ranging in thickness from one inch to ten inches except in the walls of the ore zone where indications are that these dikes may be considerably thicker.

There is no conclusive proof that these dikes are the mineralizers. They may, indeed, be much older than the sulphide mineral injections. The zone is further marked by limestone boulders and pre-mineralization solution cavities in limestone. Some stratification of material filling these cavities is in evidence. Other caves appear to have been filled with sulphides and could possibly be of replacement origin although the outline of the sulphide bodies has an

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