July 20, 1951

Memorandum

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

From: James J. Quinlan, U.S.G.S.

Subject: Elliston Consolidated Mining Company, Inc., Elliston, Montana
DMA Docket No. 414

The applicant's original loan request for $193,000 for exploration and development of the Lilly mine, Copper Queen mine, and Julia mine, Elliston Mining district, Powell County, Montana, was denied March 12, 1951. The reason for denial was the evidence supporting the application indicated the ore to be low-grade in lead and zinc, and the possible ore that might be developed by the proposed exploration program would probably be equally low in grade.

Leo Newman, President, and Dave Newman, Secretary of the Company, requested that a DMA field engineer examine the properties to ascertain the possibility of resubmitting an exploration loan application on the properties or on a part thereof.

The properties controlled by the Elliston Consolidated are primarily gold-silver prospects containing minor amounts of copper, lead, and zinc. Before any quantity of lead and zinc could be realized from these prospects, sufficient ore to justify a mill would have to be blocked out, as most of the ore is too low grade to be considered direct shipping ore.

The company considers the Lilly mine the most promising property at which a tonnage of lead-zinc ore might be developed. This prospect is described in a report by Mason W. Rankin, Newman Bro's Properties, Elliston Mining District, Powell County, Montana, July 24, 1950 (report contained in Docket). Since Rankin's report was made, the Lilly mine has been dewatered to the 215-foot level. At the present time the company is rehabilitating the 115-foot level and 215-foot level. When rehabilitation is complete Rankin is to map and sample the lower levels of the mine and bring his report up-to-date.

If the sampling of the lower levels shows better lead-zinc values than the upper levels, the company plans to resubmit an exploration loan application on the Lilly mine. The exploration program to be determined by Rankin's work.

The DMA might be interested in the Lilly mine if the following conditions existed:

1. The gold-silver ore contained appreciable amounts of lead and zinc.

2. A sufficient tonnage of ore (approx. 70,000 tons) to justify a mill (100 tons) could be realized from a moderate exploration program.

The above conditions are not apparent at the Lilly mine today. However, the operators feel that rehabilitation of the mine might prove such conditions to exist. If rehabilitation proves the above conditions exist, the DMA should re-examine the Lilly mine at a later date.