OCT 17 1952

Minerals Division
Date Rec'd

OCT - 6 1952

BUREAU OF MINES
Denver, Colorado

Mr. L. A. Bingham
Office of Loans
Reconstruction Finance Corporation
Washington 25, D. C.

Dear Mr. Bingham:

Reference is made to your letter of June 16, 1952 requesting a determination as to issuance of a Certificate of Essentiality, as required by Executive Order No. 10351, with regards to loan application of M. E. McCray, Deming, New Mexico, in the amount of $112,000 and designated as DMM-2137.

Subject applicant originally requested a loan of $153,000 in an application dated April 3, 1951. This application included funds for mine rehabilitation, power line, mining and milling facilities, etc. A denial was issued by Defense Materials Procurement Agency for the following reasons:

1. An ore reserve adequate to justify an operation of the scope proposed had not been determined.

2. The amenability of the ores to treatment as proposed and production of a suitable product thereby had not been demonstrated.

Subsequently applicant amended the loan request to an amount of $112,000, resubmitting application to Reconstruction Finance Corporation. The amended loan was to be used for mine rehabilitation and development, mining and power equipment, repayment of debt and for operating capital. This agency has completed a review of the amended request including reexamination by an engineering and geological field team. Our findings include the following:

1. Applicant's mine contains no significant amount of developed, measurable ore reserves.

2. Indicated and inferred ore reserves are on the order of 30,000 tons containing 70% Cu ^{2}.

3. The difference between the current market value of the above 30,000 tons of ore and the estimated cost of production, plus taxes is about $3.00 per ton or a total of $90,000.

4. Excluding the present indebtedness of applicant and required working capital, an investment of at least $75,000 would be necessary to equip the mine and develop the prospective ore.

5. While the net worth of estimated ore reserves ($90,000) is in excess of the above stated minimum capital requirement, this reserve ore is entirely in the categories of indicated and inferred ore, therefore, there is inadequate assurance that the loan could be repaid.

Under these circumstances this Agency does not recommend granting subject loan under Sec. 302 of the Defense Production Act of 1950, as amended, and therefore a Certificate of Essentiality as required by Executive Order No. 10480 will not be issued.

Yours very truly,

TOM LYON WB

Tom Lyon, Director
Domestic Expansion Division

Enclosure
A-4020
CC: Administrator
Deputy Administrator
General Counsel
Credit and Finance
Field Team (2) Region IV
DMPA Files
Mr. Barr Rm. 7113

Typed: 10-13-52

12th New Customhouse
Denver 2, Colorado

September 15, 1952

Memorandum

To: Secretary to the Operating Committee, Defense Minerals Exploration Administration

From: Field Team, Region IV

Subject: Final Report, DMEA Docket 1137, H. E. McCray's Greenleaf Fluorspar Mine, Luna County, New Mexico

Enclosed are the original and three copies of the report pertaining to the above application. The brochure is also enclosed.

The field examiners concur that there is no assurance that the ore reserves are adequate to repay a loan of the amount requested and they recommend that the loan be denied.

We concur in this recommendation.

W. H. King
W. H. King

A. N. Koschmann
A. N. Koschmann

W.H.K.

Enclosures

Ann
NRC:ec

cc: WRStorms w/copy of final report
CAAnderson " " " "
AHKoschmann " " " "
Mining Div. " " " "
DMA Final Report

Subject
Chron.
Koschmann (2)

Mining Division
Region IV

September 15, 1952

Memorandum

To: Field Team, Region IV

From: Acting Chief, Mining Division, Region IV

Subject: Final Report, DMPA Docket 1137, H. E. McCray's Greenleaf Fluorspar Mine, Luna County, New Mexico

Enclosed are nine copies of the final report on DMPA-1137 by L. L. Fanham of the Bureau of Mines.

The examining engineer concludes that no significant amount of measured ore exists in the accessible workings of the Greenleaf Mine and he recommends the loan be denied.

We concur in this recommendation.

W. H. King

W. H. King

Enclosures

HMC:oc

cc: Subject
Chron.
Koschmann (2)

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

W.H.K.

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM Walter R. Storms
BUREAU of Mines
CHG. APPROPRIATION Night Letter - BMA

Tucson, Ariz., August 7, 1952

U. S. GOVERNMENT PRINTING OFFICE 10—1723

Phoned 1.53 pm. frj

Mr. Hugh E. McCray
908 South Platinum St.
Deming, N. Mex.

Have just received permission to send examiners to visit your Greenleaf fluorspar mine. Will send an engineer and a geologist to Deming next Monday. Please let me know if convenient for you.

Walter R. Storms
U. S. Bureau of Mines

CC Confirmation
W. H. King
A. F. Shride
DMPA-1137
DF
TG(2)
WRStorms:frj

Mining Division
Date Rec'd
AUG 11 1952
BUREAU OF MINES
Denver, Colorado

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

W.H.K.

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM Walter R. Storms

BUREAU of Mines

CHG. APPROPRIATION Full rate - DMA

Tucson, Ariz., July 29, 1952

U. S. GOVERNMENT PRINTING OFFICE 10—1723

Phoned 9.26 a.m. frj

Mr. W. H. King
U. S. Bureau of Mines
224 New Customhouse
Denver, Colorado

Re McCray's DMPA Docket 1137 no amended application Form MF-103 received with brochure. Do you have one.

Walter R. Storms

CC Confirmation
DMPA-1137
DF

FWO

WRStorms:frj

Mining Division
Date Rec'd
JUL 31 1952
BUREAU OF MINES
Denver, Colorado

TELEGRAPH YOUR CONGRATULATIONS
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(09)

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1952 JUL 29 AM 10 15

LA075

L TSB037 PD=TUCSON ARIZ 29 931A=

W H KING=

U S BUREAU OF MINES 224 NEW CUSTOMS HOUSE DVR=

RE MCCRAYS DMPA DOCKET 1137 NO AMENDED APPLICATION FORM MF-103 RECEIVED WITH BROCHURE DO YOU HAVE ONE=

WALTER R STORMS=

Answered via Telephone
7-30-52 W.H.K.

Mining Division
Date Rec'd.
JUL 29 1952
BUREAU OF MINES
Denver, Colorado

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Mining Division
Region IV

July 15, 1952

Memorandum

To: W. R. Storms

From: Acting Chief, Mining Division, Region IV

Subject: DMPA 1137, (Fluorspar), H. E. McCray, Deming, New Mexico, Loan Application - $112,000.00

Enclosed is a copy of the application for a direct loan in the amount of $112,000.00 by H. E. McCray. Also enclosed is a copy of a report submitted by E. Y. Ellis, Mining Engineer, Reconstruction Finance Corporation.

DMPA Docket 1137, as originally submitted by Mr. McCray, was for a development loan in the amount of $513,000.00. The final report was prepared by L. L. Farnham, and the application was denied. According to Mr. Farnham's report, the mine contained 30,000 tons of inferred and indicated ore. This does not agree with the ore reserves presented by the applicant.

Please have a report prepared with your recommendations covering the revised application.

W. H. King
W. H. King

Enclosures

JFS:ld J.F.S.

cc: Docket, chron.
Koschmann

DEFENSE MATERIALS PROCUREMENT AGENCY
WASHINGTON 25, D. C.

JUL 9 1952

Mr. H. E. McCray
908 S. Platinum
Deming, New Mexico

Dear Mr. McCray:

Your application is being referred to Mr. W. H. King, Executive Officer, DMPA Field Team, Region IV, 224 New Custom House Building, Denver 2, Colorado for further information. You may wish to contact Mr. King to assist in the completion of the examination.

Yours very truly,

TOM LYON WB
Tom Lyon, Director
Domestic Expansion Division

Field Team - Region IV

DEFENSE MATERIALS PROCUREMENT AGENCY
WASHINGTON 25, D. C.

JUL 9 1952

Mining Division
Date Rec'd.
JUL 14 1952
BUREAU OF MINES
Denver, Colorado

Mr. W. H. King
Executive Officer
DMPA Field Team, Region IV
224 New Custom House Building
Denver 2, Colorado

Re: DMPA-1137 - Fluorspar
H. E. McCray, Deming, N. M.
Loan Application - $112,000
(As amended)

Dear Mr. King:

We enclose Reconstruction Finance Corporation, Denver Agency report on subject application, together with a brochure submitted to Reconstruction Finance Corporation by applicant. Please refer to your memorandum to the Executive Secretary, DMA, dated October 15, 1951 and Report of Examination by Field Team, Region IV, submitted therewith.

Please review Mr. McCray's proposal in the light of the amended loan request, and the information contained in the Reconstruction Finance Corporation Agency Report. We suggest that you contact the Reconstruction Finance Corporation, Denver Agency and confer with their Engineer Examiner on the case. Should it appear necessary after conference with Reconstruction Finance Corporation, please arrange a new field examination of the Greenleaf Mine. We would appreciate your comments on the following:

1. Reserves: If possible the reserve estimates presented by applicant to RFC in the amended application, and apparently accepted by the RFC examiner, should be reconciled with the estimate contained in Field Team Report of October 1951. In any event, are present reserves adequate to give reasonable assurance of repayment of a loan on the order of $60,000?

7/14/52

To: ~~King~~ cc. H.K.

For: Shaw

Ltr. from RFC enclosing their report and brochure, DMPA 1137, H. E. McCray.

2. On page 5 of RFC Examiner's Report, item 11, Conditions - sub-item 5, Use of Proceeds, a total of $60,000 is suggested as an adequate loan amount. Please examine and comment on the breakdown given, particularly with respect to the following:

(1) "Mine Equipment - $6,650.00" - The equipment items should be listed. What size and type of hoist is included?

(2) Type, size and availability of pump and motor should be checked.

(3) Is setting the pump in a drill hole the best method in this case? If so, is $3,600 an acceptable cost estimate? If not the best method, please discuss a suitable alternative.

(4) Type, size, cost and availability of a suitable Diesel generator set should be checked.

(5) "Development 400' on 165' level - $1,120.00. It would appear that this item is in error since it is obviously impossible to drift for $2.80 per foot. Please clarify what is proposed and provide cost estimate.

(6) "Development, fill and drift 265' level - $2,500.00. Width and length of the proposed fill and amount of drifting to be done are not clearly indicated, hence there is no apparent basis for cost estimate given. If the open stope to be crossed is relatively short, would it be more advantageous to timber rather than to fill? In any event please try to determine exactly what is proposed, whether it is practical, and what it should cost.

(9) A breakdown of daily costs should be provided to demonstrate the adequacy and need of the amount of working capital required.

3. Operating costs per ton of ore estimates contained in RFC Examiner's Report ($13.65) and in Field Team Report ($12.89) are in reasonable agreement, however, it would be desirable that a joint estimate acceptable to both be presented.

4. Conclusion and Recommendation: Please return the RFC Agency Report to us with your report. Please note that the RFC report is for your confidential information and none of its contents should be released to parties not concerned with the DMPA or RFC.

Weston Barnett
Acting Chairman, DMPA
Operating Committee

Approved:

H. H. Hedges
Member, Bureau of Mines

D. M. Lemmon
Member, Geological Survey

Enclosures

FEB 25 1952

Mr. H. E. McCray
908 S. Platinum
Deming, New Mexico

Dear Mr. McCray:

Your letter of January 23, 1952 addressed to Mr. Hubert Davis has been referred to this office.

As Mr. Davis has indicated to you in his letter of February 11, 1952, we are only able to approve operational loans based on proven ore reserves adequate to assure repayment.

We note that you have done some additional development work on the Greenleaf mine since your original application (DMA-1137) was filed. We would be interested in having your estimate of the new proven ore reserves in the mine.

We would be pleased to consider a loan application on the Greenleaf providing that the new proven reserves are adequate to justify the proposal. Appropriate forms are enclosed if you wish to apply.

Yours very truly,

Tom Lyon

Tom Lyon, Director
Domestic Expansion Division

W. H. K.

Enclosures

RWaskey:lk
2-20-52
CC: Mr. Young Rm. 7135
Mr. Douglas 7131
Mr. Feiss 7127
Mr. Lyon 7123
Mr. Barr 7111
DMPA Files
Mr. J. H. East, Jr., Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

February 11, 1952

Mr. H. E. McCray
908 S. Platinum
Deming, New Mexico

Dear Mr. McCray:

I have your letter of January 23, reply to which has been unavoidedly delayed.

Inasmuch as it is the policy of the Defense Materials Procurement Agency to recommend loans based on proved ore reserves, I do not know whether it would consider your reserves sufficient to warrant a loan for a power line and a sink float plant. With the thought that the Defense Materials Procurement Agency might give you some idea as to the extent of a loan it might recommend, I am referring your letter to that agency for consideration.

With kind regards, I am

Very truly yours,

H. W. Davis
Commodity Specialist
Construction & Chemical
Materials Branch

Copy to: J. H. East, Jr.
Dir., Region IV

Copy

H. E. MCCRAY
Engineer of Mines
908 S. Platinum
Deming, New Mexico

January 23, 1952

H. W. Davis, Commodity Specialist
United States Department of the Interior
Bureau of Mines
Washington 25, D. C.

Dear Mr. Davis:

I am in receipt of your letter of January 3rd.

At the time I sent you a copy of the letter to Mr. Lyon I was considerably peeved, chiefly because I did not consider that I was applying for a loan but rather taking over the operation of a government plant and lent myself to assuming the obligation of paying out. The result, as you recall in our telephone conversation a year ago, was that you sent me that assenine form, as it was the only thing which you had available. I set it up the best I could as the whole thing was more or less speculative, but with sufficient properties and proper equipment it would have given us sufficient tonnage to more than fill my 1000 tons per month. Undoubtedly I did not put in enough detail. However, this neglect on my part stemmed from inexperience in bureaucratic demands of an ocean of unnecessary estimates. What I have in mind is a request for a cost sheet daily, monthly and yearly on an operation which I know will work, but any such estimates could only be based on speculative conditions.

I have developed the ore to the north in the Greenleaf and have some thirty feet in width which is very excellent sink float feed am shipping a small tonnage from development raises. I turned the Lucky group over to some individuals and they are starting to ship this week. The other properties are not operating but would be if I had facilities for concentration.

I do not know how I could tie up on a participating loan basis as I do not have the necessary cash to go into a $50,000 or $100,000 development campaign, which it would take to be immediately effective.

I would, however, be interested to hear from you as to how it would be possible to obtain sufficient funds for power line and a sink float plant and some equipment for outside mines. My idea at the beginning was to get needed production and it is one of those things which is very difficult to prove, but I have had no hesitancy in spending my own money to prove the geological conditions and the feasibility of the whole undertaking. On a shoestring basis I have produced nearly $300,000 worth of spar and really know what I could do if I had the equipment I desire. All I am short of is money.

With best wishes, I am

Yours very truly,

S/ H. E. McCray
H. E. McCray

HEMc:nl

J.H.

DMA 1137

H. E. McCRAY
ENGINEER OF MINES
908 S. PLATINUM
DEMING, NEW MEXICO

December 17, 1951

REGIONAL DIRECTOR'S OFFICE
REGION IV
DEC 19 1951
BUREAU OF MINES
DENVER, COLORADO

Mr. J. H. East, Jr.
Executive Officer, DMA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Dear Jack:

Evidently I had a misconception based on several conversations with Washington, and at the time I filled out the application I did not expect it to be boiled down to a definite loan with necessary blocked out ore.

For your information, the past several months the Greenspar or Spar ~~plants~~ mines, the Lucky, and the north area of the Greenleaf have developed as I anticipated, and I am sure that had the government gone ahead with the sufficient capital for me to do the things that are necessary we would have now a substantial production to relieve the fluorspar shortage, especially in mill ore for the production of acid-grade.

With very best wishes for the season, I am

Yours very truly,

H. E. McCray

H. E. McCray

HEMc:nl

JAE

C
O
P
Y

December 17, 1951

Mr. Tom Lyon,
Director, Program Development Division
Defense Materials Procurement Agency
Washington 25, D. C.

Dear Mr. Lyon:

Your letter of December 11 was received and contents noted. There are several points which I wish to clear up relative to DMA-1137.

I was given to understand that the government, through the Bureau of Mines, was desirous of building a plant to increase the production of fluorspar, but did not want to operate such a plant on government account the same as the Gila plant was operated during the war. In talking to Mr. Boyd over the phone he told me that the fluorspar situation was critical and would turn the proposal over to someone there. This he did, and I talked to Mr. Davis over the phone and he said he was sending me the only thing he had to set up the proposition. That was an application for a government loan from DMA-146 which, to say the least, is rather a complicated and difficult form to fill out adequately. Nevertheless, I endeavored to tell the story completely and adequately, bearing in mind that I was assuming the operation of a plant to be financed by the government and would give them back, if they so desired, 100% of the returns from the procurement contract to reimburse the government for their expenditures. For this reason my liabilities as well as assets went into the deal. Perhaps you did not notice that I did not put a monthly salary into the application for my own personal gain. Through the grape vine I understand that my proposition has been classed as a promotion in an effort to get something from the government for nothing. This I resent very much and do not feel that I should let the record stand without a protest.

I have been mining and producing fluorspar in New Mexico since about 1937. During the war I produced many thousand tons of ore which went to the government Gila plant and otherwise that operation would have been a more complete flop than it was.

After I left Tyrone I came to Deming and consolidated a number of properties on the fluorite ridge. Some of these have been producing sporadically since 1907; others, chiefly the Greenleaf, have produced more or less continuously since 1939. The water situation stopped the operators about 1943 or 1944 and in 1946 I installed a generator equipment and lowered the water and produced spar to the amount of $5,200 per foot of shaft sunk. About a year and a half ago, during my sudden illness, I was unfortunate to have the wrong personnel at the mine. The flow of water increased and they mishandled the high head pumps. The pumps were burned out and my generator plants were damaged, forcing me to abandon the production of ore below the 400 foot level. This brings me to paragraph one of your letter.

You state that there were not adequate reserves developed to warrant a loan or, in other words, finance. Note in passing that if there was that tonnage of fluorspar either here or anywhere else it would not be necessary for me to ask for financial help. During the year of waiting for the decision, private capital has taken over two of the properties and is now producing ore. In the Greenleaf itself I have gone to the north as outlined in the description of the property and have opened the ore as anticipated.

To obtain mineral that is necessary it is essential to go after it where there are no adequate ore bodies blocked out, and the operator's comprehensive analysis of the situation usually works out for the production. There is no question in my mind as to the feasibility of the ore development as outlined and while the amount of money requested did not necessarily mean that it would all be used, there were some five or six properties which were planned to be equipped and from each one an immediate tonnage of ore would be forthcoming. As it costs some twelve to twenty thousand dollars now to equip a small operation, when one is figuring on five or six it does run into money. A power line is necessary and a sink float plant or jigging plant, and with my experience at Tyrone with a jigging plant I consider a sink float plant would be much more efficient. This brings me to paragraph two of your letter.

As I was assuming the obligation for the expenditures I have the past several years been concentrating in mining fluorspar and I am familiar with the characteristics of the mineral. I have had several preliminary tests made during the past three years on the ore and know that I can concentrate ore by sink float or by jig and make a commercial product economically from the ores in the area. At Tyrone I put in a jig plant as I was producing ore for the Gila plant, and it worked for me very successfully. I could do the same thing here. I would be producing ore probably at the present time at the rate of 50 to 100 tons per day if I had the facilities for concentration. Incidentally, we are producing 50 to 125 tons having of 60 to 70% mill ore from the Greenleaf now and losing at least three times as much low-grade ore which we cannot ship direct to the mill but would be ideal feed for a concentrating plant at the mine. The Lucky and the Greenspar or Spar mines would be producing every day the same class of ore. I do not know how to prove to your organization the feasibility of the concentration of the mineral. I do not have the necessary money to put into elaborate tests. The preliminary ore tests which I did have were thrown out and not acceptable regardless of the fact that crystalline fluorspar is amenable to coarse concentration, and you spoke in your letter about a very careful study of your proposal, including examination by the Field Team. This, I question. Careful examination of ore and adequate analysis of the possibilities was not done, in my estimation. It is true that there is not a tonnage of blocked out ore but there is a very large supply of potential ore and under proper operation there is no question of a future production.

If your fluorspar production is short, as it undoubtedly is, and with the demand for ore for acid-grade, a plant as proposed would increase very materially the production of high-grade mill ore and metallurgical spar. I suggest that if you are interested in producing spar somebody with authority be sent to see me and see if we cannot work out a plan of operation which will, I assure you, relieve the spar situation. With the considered ore reserves available a production can be built up and maintained.

Three of the properties are now producing and I believe, as these were in the original set-up, new consideration is warranted.

Yours very truly,

H. E. McCray

HEMc:nl

cc: J. H. Root, Jr.
H. W. Davis
C. I. Dismant

224 New Customhouse
Denver 2, Colorado

October 25, 1951

AIR MAIL

Memorandum

To: Tom Lyon, Chairman, Coordinating Committee
Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 1137, H. E. McCray's Fluorite Ridge Fluorspar Properties of Luna County, New Mexico

Complying with your telephone request of October 23, 1951, we have contacted H. E. McCray. The enclosed memorandum from L. L. Farnham answers some of the questions. However, we have nothing very conclusive.

Apparently Mr. McCray cannot participate in any exploration project at this time. However, we expect to keep in contact with him and will let you know of any more favorable developments.

J. H. Fast, Jr.

J. H. Fast, Jr.

Enclosure

JHF:ld

cc: DMA docket, chron.
Kosshemann
Storms

Mining Division
Date Rec'd.
OCT 24 1951
BUREAU OF MINES
Denver, ~~Colorado~~ ARIZONA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
MINING DIVISION
REGION IV

Arizona-New Mexico Branch
[redacted]
Box 4097
UNIVERSITY STATION

October 23, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Lincoln A. Stewart for W. R. Storms, Arizona-New Mexico Branch, Mining Division, Region IV, Tucson, Arizona

Subject : DMA Docket No. 1137: H. E. McCray's Fluorite Ridge fluorspar properties of Luna County, New Mexico.

Herewith is memorandum from Farnham detailing information obtained from McCray by phone, according to your request. It is somewhat inconclusive but appears to be the best information obtainable at this time.

Linc

Lincoln A. Stewart for
Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
C. A. Anderson
1137 DMA
DF

FOR VICTORY
BUY UNITED STATES SAVINGS BONDS AND STAMPS

Mining Division
Date Rec'd.

OCT 24 1951

BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

October 23, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Lincoln A. Stewart for W. R. Storms, Arizona-New Mexico Branch, Mining Division, Region IV, Tucson, Arizona

Subject : DMA Docket No. 1137: H. E. McCray's Fluorite Ridge fluorspar properties of Luna County, New Mexico.

Herewith is memorandum from Farnham detailing information obtained from McCray by phone, according to your request. It is somewhat inconclusive but appears to be the best information obtainable at this time.

Lincoln A. Stewart for
Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
C. A. Anderson
1137 DMA
DF

LAStewart:frj

MINING DIVISION
REGION IV

October 23, 1951

Memorandum

To : Lincoln A. Stewart, Mining Engineer for W. H. Storms, Chief Arizona-New Mexico Br., Mining Div., Region IV

From : L. L. Farnham, Mining Engineer, Arizona-New Mexico Br.

Subject : DMA Docket No. 1137: H. E. McCray's Fluorite Ridge fluorspar properties of Luna County, New Mexico

A telephone conversation was held with H. E. McCray of Deming, N. Mex. at 11.30 a.m. on October 23, 1951. When asked if he was willing and able to participate in an exploration project, he replied that he was willing but not financially able at this time to match funds for such work and that he did not desire to seek private capital. He evidently had in mind the deeper exploration of the Greenleaf deposit which he thought would cost around $100,000.

In regard to the larger low-grade prospects which would be much less costly to explore, he expressed more interest and said he would take some bulk samples from the Huerfano and Howard deposits and have sink float tests made in the laboratory of the Shattuck-Denn Mining Corp. at their plant at Los Lunas, N. Mex. McCray seemed to think this preliminary testing could be completed in a few weeks and if the results were satisfactory he would seriously consider ways and means of proceeding with an exploration application on the lower grade deposits.

McCray knew nothing concerning the Ozark-Mahoning Co.'s proposed fluorspar mill to be erected in Deming, N. Mex. He thought this company might build one eventually but not in the near future. The Mahoning Co. is now shipping fluorspar ore from the White Eagle mine to the Shattuck-Denn plant at Los Lunas. The purchasing schedule of Shattuck-Denn plant is very nearly the same as that which the Mahoning Co. proposes paying for fluorspar at the mill they propose to erect at Deming. However, the freight rate on fluorspar ore from Deming to Los Lunas is about $4.00 a ton.

L. L. FARNHAM
Mining Engineer

CC P. T. Allsman
C. A. Anderson
1137 DMA
DF

LLFarnham:frj

V

OPR WA 310 PLS OKMM

WA 310 PLS MOK

WASH DC BU MINES 310 GA PLS

DN 235 BUREAU MINES 10-15-51 8-40 AM

JAMES A BARR

DMA 1137 BURRO CHIEF FLUORSPAR. PRODUCTION LOAN NOT RECOMMENDED. 1/4// FAVORABLE FOR EXPLORATION IF APPLICANT IS WILLING. DMA 1209 EMPIRE MINING AND ENGINEERING FLUORSPAR. DIRECT LOAN NOT RECOMME NDED BECAUSE OF INSUFFICIENT RESERVES. RECOMMENDING EXPLORATION LOAN.

J H EAST JR.

7 38$ MSG ACK PLS BMH

MSG RECD OK CWO

V

OPR UA 310 PLS OKIM

UA 310 PLS AOK

UASH DC DU MINES 310 GA PLS

DN 285 BUREAU MINES 10-15-31 8-40 AM

JAMES A BARR

DNA 1137 BURRO CHIEF FLUORSPAR. PRODUCTION LOAN NOT RECOMMENDED. 1/4// FAVORABLE FOR EXPLORATION IF APPLICANT IS WILLING. DNA 1209 EMPIRE MINING AND ENGINEERING FLUORSPAR. DIRECT LOAN NOT RECOMMENDED BECAUSE OF INSUFFICIENT RESERVES. RECOMMENDING EXPLORATION LOAN.

J W EAST JR.

330 MSG ACK PLS BKM

MSG RECD OK CUC

Mining Division
Date Rec'd.

OCT 8 1951

BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

October 5, 1951

Re: DMA Docket 1137

Mr. H. E. McCray
908 South Platinum
Deming, Arizona

My dear Mac:

Enclosed are the maps that you loaned to our Mr. L. L. Farnham when he examined your Fluorite Ridge properties.

Thanks very much.

With best personal regards to you both, I am

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
DMA-1137
DF

WRStorms:frj

971

[redacted]
Denver 2, Colorado

October 17, 1951

Memorandum

To: Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: Final Report, DMA Docket 1137, H. E. McCray, applicant, Greenhorn, Lucky, Valley, Mount, and Sunrise Tungsten Properties, Cooke Peak (Florida Ridge) Mining District, Dona County, N. Mexico

Enclosed herewith are the original and two copies of the report on the subject docket.

We concur with the conclusions and recommendations of the examining team that the development loan of $513,100 be denied.

The brochure is enclosed.

J. H. Eent, Jr.

for A. H. Koschmann

Enclosures

WDM:oj
cc: DMA Subject and Chron.
AHKoschmann

Mining Division
Region IV

October 12, 1953

Memorandum

To: DMV Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Final Report - DMV Docket 1137, H. W. McCray, applicant; Greenland, Lesley, Valley, Howard, and Hamrick Fluorspar Properties, Cooks Peak (Flourite Ridge) Mining District, Luna County, N. Mexico.

The application is for a production loan amounting to $513,100 for the purpose of development on the Greenland No. 1, Lesley, Valley, Howard and Hamrick fluorspar deposits and constructing, milling and other facilities.

The engineer estimates are reserves of 33,000 tons, including indicated and inferred ore containing 65 to 75 per cent CaF2. The net value of the ore with an estimated profit of $3.50 per ton would be $115,500. Therefore it is concluded that ore reserves are inadequate to guarantee amortization of the loan from profits.

It is recommended that the production loan be denied. However geological conditions are favorable for discovering a greater tonnage at several locations and exploration should be considered favorable if the operator is willing and financially able to match funds. The chances of discovering a considerable tonnage of lower grade fluorspar are good and then exploration should be considered favorably if metallurgical tests indicate they can be beneficiated profitably.

R. T. Allmann

Enclosure

FEA:Dee

Sub

Mining Division
Date Rec'd.

SEP 17 1951

BUREAU OF MINES
Denver, Colorado

MINING DIVISION
REGION IV

September 14, 1951

Re: DMA Docket 1137

Mr. Hugh K. McCray
908 S. Platinum St.
Deming, N. Mex.

My dear Mac:

Our Mr. L. L. Farnham says that you would like to have two sets of forms to apply for exploration loans, one set for the Greenleaf and one set for the Cooks Peak lead-zinc deposits. Therefore, I am enclosing 10 copies of Form MF-103 and 5 copies of Form MF-100. I understand that you have already sent in Form MF-100 for your fluorspar property, so you will need only one set of these for the lead-zinc property.

Mineral order 5 (MO-5), which I am enclosing, and the press release explain the exploration program fairly well. If you have any questions, please write me.

Send 4 copies of both forms to Mr. J. H. East, Executive Officer, Region IV, Defense Minerals Administration, 224 New Customhouse, Denver 2, Colorado. He will forward them to Washington, or if he thinks best, will return them to me for our report.

With best personal regards, I am

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
C. A. Anderson
DMA-1137
DF

WRStorms:frj

August 2, 1951

Memorandum

To: W. R. Storms (with brochure)

(Through Chief, Mining Division)

From: DMA Field Team, Region IV

Subject: DMA Docket 1137, H. E. McGray, Burro Chief Fluorspar Mines, Cooks Mining District, Luna County, New Mexico

Enclosed herewith is the subject brochure with application for a Government production loan of $313,166 for the development and operation of the above fluorspar mines near Deming, New Mexico.

Field examination of this application is mainly engineering and metallurgy, but the ore reserves should be examined jointly by the Geological Survey and the Bureau of Mines. It appears doubtful at present that the reserves are sufficient to justify the proposal and the applicant should be consulted about an exploration program.

P. T. Allaway, Alternate

A. H. Koschmann

Enclosure

kd

cc: DMA
Koschmann

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

July 27, 1951
Code 370

Mr. H. E. McCray
Deming
New Mexico

Subject: DMA-1137 - Fluorspar

Dear Mr. McCray:

Your application is being referred to Mr. J. H. East, Jr., Executive Officer, DMA Field Team, Region IV, 224 New Customhouse Building, Denver 2, Colo., for further information.

Sincerely yours,

Tom Lyon, Director
Supply Division

JABARR:mp
cc: Reports and Records
Mr. Barr
Field Team, Region IV (2)
DMA Files

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

July 25, 1951

Mr. J. H. East, Jr., Executive Officer
DMA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Subject: DMA-1137 H. E. McCray
Fluorite Ridge Area, Luna Co., N.M.
Commodity: Fluorspar

Dear Mr. East:

We are forwarding herewith file on DMA-1137, application for Government loan in the amount of $513,100, for development, equipping and operation of fluorspar properties near Deming, New Mexico. Please review this material, arrange suitable field examination and report on the proposal, particularly with regards to the following:

1. Ore Reserves. Can adequate reserves be demonstrated to justify the proposed operation? If not, would an operation of lesser scope be indicated? If reserves are deficient, is exploration indicated to be undertaken, either by applicant for his own account or under Exploration Aid Contract?

2. Beneficiation. Is the ore amenable to heavy-media treatment and is this the optimum method of concentration? Applicant should be requested to produce a flow sheet and necessary data related thereto.

3. Competence of applicant. Is applicant competent to undertake a project of the scope proposed?

4. Mining method and costs. Applicant should provide details of mining method proposed and costs thereof, on a daily, footage and ton (of ore) basis. A proposed schedule of manpower should be supplied showing numbers of men by classes and wages or salaries.

5. Milling costs. Applicant should provide a breakdown of milling costs on a daily and per ton basis (both ore and concentrate) and a schedule of manpower required with numbers, classes and wages or salaries.

6. Profit and Loss Statement. Applicant should provide a projected Profit and Loss Statement on a monthly basis to demonstrate the economic feasibility of his proposal, particularly with respect to repayment of proposed loan.

7. Equipment and Construction costs. Applicant should provide a detailed breakdown of costs shown in his Exhibit "G" - page 1.

8. What is the nature of the current obligations of applicant with respect to subject application? Why should they be included in the amount of the loan requested?

9. How much of his own money is applicant prepared to invest in the project?

10. What security will applicant pledge other than the mining property involved and the proposed installation?

11. Applicant should prepare additional details on method of repayment of loan on a percentage or per ton basis.

12. Please note comments by Messrs. Van Alstine and Davis as they apply to points not covered in (1) to (11) above.

Sincerely yours,

Chairman, Coordinating
Committee

Approved:

_____
Member, U. S. Geological Survey

_____
Member, U. S. Bureau of Mines