AUG 20 1951

Re: DMA- 618

REGIONAL DIRECTOR'S
OFFICE
REGION IV
AUG 23 1951
BUREAU OF MINES
DENVER, COLO.

Mr. W. J. Howard, President
Broken Hills Mining Company
Kingman, Arizona

Dear Mr. Howard:

In our letter to you of April 12, signed by Otto Herres, it was pointed out that part of your application (DMA- 618), for Federal aid to explore and develop the Golden Gem and Idaho mines, Wallapai mining district, Arizona, might be eligible for assistance under the exploration program of the Defense Minerals Administration. This program calls for equal participation in exploration costs on the part of the applicant. Explanation of the plan and the necessary forms for making application were sent to you at that time.

As we have not received an application from you under the exploration program, we are transferring your original application for a loan to an inactive file. As explained in our letter of April 12 a straight development or mining loan cannot be approved unless there are adequate proven ore reserves to secure the loan, and your application does not indicate such reserves.

If at some future date you should care to explore your property under the Defense Minerals Administration's program, we will be glad to consider an application from you. We wish to thank you for bringing your property to our attention.

Very truly yours,

Tom Lyon
Tom Lyon, Director
Supply Division

FJLee:sw
G 8-13-51

Copies to: Jach H. East Jr.- Region 4
Chief, Lead-Zinc Br.
E. T. McKnight
R. H. Mote
Reports and Records Unit
Director's r. file 4214 GSA
Br. r. file 4214 GSA
Files

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

APR 12 1951

APR 13 1951

Mr. W. J. Howard, President
Broken Hills Mining Company
Kingman, Arizona

In reply please refer to DMA-618

Dear Mr. Howard:

One of the purposes of the Defense Production Act of 1950 is the encouragement of exploration, development and mining of strategic minerals and metals. Where an applicant has sufficient proven reserves of strategic materials, Federal aid in mining can be given through procurement contracts for such materials as are in short supply. On the strength of these contracts, the applicant can obtain private financing in most instances.

The program recently approved for encouragement of exploration of strategic materials calls for participation on the part of the applicant. For zinc, lead and copper deposits it will be necessary to match Government funds on an equal basis. Funds advanced by the Government will be considered a loan, to be repaid if the exploration is profitable, but to be canceled if unsuccessful. The details of the plan, explaining the projects that will be eligible for assistance, the terms and schedules of financing, repayment, and other pertinent information, are enclosed.

A review of your application (DMA-618) for financial aid in an exploration and development program at the Golden Gem indicates that part of your proposal may be considered under this exploration program. Details concerning expenditures that will be considered chargeable to exploration aid will be subject to a final determination by negotiation, but as a preliminary appraisal, we believe that the program will apply to that part of your application concerned directly with exploration, $82,921.00.

Before we can proceed further with consideration of your application, which may or may not require a field examination, please indicate your willingness to provide your share of the funds needed to carry out the proposed exploration. Any modification of your original proposal that you may wish to make will be considered, but you should be specific concerning the work you wish to undertake.

Very truly yours,

Otto Herres

ABCampbell:bsp
G 3/26/51

OTTO HERRES, Chief
Lead-Zinc Branch

Copies to: Chief, Lead-Zinc Branch
USGS McKnight
L. B. Moon
R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

Enclosures 2 copies to J. H. East, Jr.
Exec. Officer, Region IV

Mining Division
Date Rec'd.

MAR 15 1951

BUREAU OF MINES
Denver, Colorado

March 13, 1951

6/8

Mr. W. J. Howard
Broken Hills Mining Co.
Kingman, Arizona

My dear Mr. Howard:

In answer to your letter of March 9, we have not received your application for a Government loan as yet. The application will be screened in Washington, then returned to this office via our Denver Regional Office for an examination if the Washington office thinks the property merits consideration.

When your application is received here, we will place it on our list for examination. As we already have a large number of applications and as we are trying to examine them in the order that they are received, it probably will be some time before we can send men to examine your property after we receive the DMA docket material.

I, or some one else will be glad to talk to you any time you are in Tucson. However, I would suggest that you wait until we are ready to examine your mine.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
DMA
DF

WRStorms:frj

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

February 23, 1951

DMA-618

Mr. J. J. Beason
Mooly Building
Salt Lake City, Utah

Broken Hills Mining Co.
Golden Gem & Idaho Mines
Kingman, Arizona

Dear Joe:

An application from Broken Hills Mining Company, referred to in your letter of January 31, relating to the Golden Gem and Idaho Mines, has been received and given DMA No. 618. The application now is under consideration by the U. S. Geological Survey. I called to their attention the information mentioned in your letter that there are many small operators in the Wallapai District with almost identical problems to those of Mr. Howard.

Probably if Mr. Howard or someone else wanted to undertake the construction of a custom mill in the district, it might be possible for us to give assistance in the form of a procurement contract placing a floor under the market price of zinc for a period of two years, perhaps longer. With such a contract our experience is that private financing can be obtained from the banks because the government procurement contract is much the same as a guarantee for a loan on any project of merit.

With kindest regards and best wishes to Desdemona and yourself.

Sincerely,

Chief, Lead-Zinc Branch

O'MARRAS:ks

cc: Mr. Hote
Mr. McKnight
Mr. Strobel
2 copies Executive Officer Field Team
Region IV, Mr. J. H. East, Jr., 224 New Customhouse Bldg.
Denver 2, Colo.
Files

Form 6-98

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

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