J. H. East, Region IV

APR 12 1951

In reply please
refer to LLA-630

Mr. A. Campbell Dann
2309 Hill Drive
Los Angeles 41, California

Dear Mr. Dann:

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 proven reserves of strategic material, 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. At present, procurement contracts are being negotiated for 3 years for zinc, but no specific procurement has been set up for lead.

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 cancelled 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.

File
Recom

A review of your application (LLA-630) for financial aid in getting the Harrison Consolidated group of claims into production indicates that most 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 the exploration that you propose on the Virginius, Terrible, and Wheel of Fortune veins, and to the costs incident to completing the two raises from the Revenue to the Atlas level on the Cumberland claim, which should prove the 100,000 tons of ore that is at present inferred on this claim. It appears that 100,000 tons of ore of the grade indicated for this ore shoot (5% Zn, 8% Pb) would be about the least that could justify a purchase contract for zinc sufficiently large to finance the installations necessary to mine and mill this ore.

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

OTTO HERRES, Chief
Lead-Zinc Branch

Enclosures
ETMcKnight:emp
G 4/9/51
Copies to: J. H. East, Jr. (2)
Region IV
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
L. B. Moon
R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 30 1951
BUREAU OF MINES
DENVER, COLORADO

April 25, 1951

Re: DM-630

Mr. M. Campbell Bunn, Manager
Revenue Consolidated Mines Company
2309 Hill Drive
Los Angeles 41, California

Dear Mr. Bunn:

Thank you for your letter of April 19. I regret to learn that your company will be unable to match the funds needed for exploring the Revenue Consolidated Mines holdings. The docket is returned to you herewith, as you request.

If at some future date your company finds itself able to meet the requirements of the exploration program, we will be glad to reconsider your application.

Very truly yours,

Otto Herres

[illegible], Chief
Lead-Zinc Branch

Enclosure

E.T.McKnight:emp 4/25/51
Copies to: ~~Chief, Lead-Zinc Br.~~
J. H. East, Jr. (2)
Region IV
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