APR 12 1951

In reply please
refer to DMA-908

Mr. J. Gilbert McGrath
La Ev Mining Company
Box 511
Idaho Springs, Colorado

Dear Mr. McGrath:

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 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-908) for financial aid in driving a 300-foot crosscut, dewatering, and repairing the Powers shaft 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 $8,500 of the total amount of your application or to that portion of your application directly related to the exploration.

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

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

AUG 24 1951

Re: DMA- 908

Mr. J. Gilbert McGrath
LuKv Mining Company
Box 511
Idaho Springs, Colorado

Dear Mr. McGrath:

In our letter to you of April 12, signed by Otto Herres, it was pointed out that part of your application (DMA- 908), for Federal aid in driving a 300' crosscut, dewatering and repairing the Powers shaft, 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

Copies to: A. E. Weissenborn-Region 2