AUG 2 4 1951

GENERAL LIBRARY
AUG 29 1951
DENVER OFFICE

Re: DMA-1085

Mr. Verne Byrne
P. O. Box 1361
Santa Fe, New Mexico

Dear Mr. Byrne:

Your application (DMA-1085) for a Government loan of $23,660 for rehabilitation, development, and production at the Pennsylvania Mine has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration.

To be eligible for a direct mining loan, it must be established that an applicant has sufficient proven reserves of strategic metals to secure the loan. You indicate that you have blo blocked ore but the amount and grade are not stated. As much more information is needed before a mining loan can be granted, I am forwarding Forms MF-100 and MF-102 on which this information should be supplied to us.

Part of your application - sinking to the 450 level and drifting 400 feet on the vein, cost $12,000 - is exploration that might be eligible for exploration assistance under the Defense Minerals Administration's exploration program, provided your reserves were insufficient to secure the full amount of the loan requested. Under the exploration program, the applicant is required to participate in half of the costs of the exploration on lead-zinc deposits. 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 (MF-5) are enclosed, as are the necessary forms (MF-103) for making application under this program, should you care to apply. Perhaps you might prefer to make application for a direct loan, and consider the exploration loan only in case your reserves are insufficient to amortize the requested amount.

In filling out any of these applications, expenses should be itemized in detail, showing what repairs, equipment, etc. are necessary and the cost of each.

Very truly yours,

Gunnard Johnson

T. P. Billings, Chief
Lead-Zinc Branch

ABCampbell:emp
G 8-23-51
Copies to: J.H.East, Jr.
Region IV (2)
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA

R. H. Mote
Reports & Records
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files