Refer to	Noted	Date
Answered		

SEP 17 1951

Re: DMA-2012

Mr. Thomas Hawkins
Kirby Canyon Mines, Inc.
P. O. Box 106
Goodsprings, Nevada

Dear Mr. Hawkins:

The Defense Minerals Administration has reviewed your application for a direct loan on the May, Dusty, John and Black Line Mines, Clark County, Nevada.

In considering ore reserves, we can only consider measured (proven) reserves. The measured reserves at your property are insufficient to qualify for a direct loan, since the net profit on your operation could not repay the loan. I regret, therefore, that your application for a direct loan must be denied.

We wish to thank you for bringing this property to our attention.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

Copy to Bailey 9/20

ELNewcomb:emp
G 9-14-51
Copies to: H. C. Miller Region III (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
O. Bishop
Directors r. files 4214 GSA
Br. r. files 4214 GSA
Administrators r file
DMA docket fiels

Refer to	Noted	Date
Answered		

SEP 17 1951

Memorandum

Re: DMA-2012
Yellow Pine Mining District
Clark County, Nevada
Direct loan, $97,721.96
Lead, zinc

To: Reports and Records Unit
Administrative Management Div.

From: Lead-Zinc Branch

Subject: Denial of request for loan

The applicant, Kirby Canyon Mines, Incorporated, requests a mining loan of $97,721.96 to rehabilitate, equip, and expand production at the May, Dusty, John, and Black Line Mines and prospects. The Lead-Zinc Branch recommends that the application be denied. The denial is based on the following data:

1. The geologic environment of these small mines indicates that the production of substantial quantities of lead ore cannot be expected. In this district 95% of the lead and zinc ore has been mined from a zone 600 feet thick and includes only beds of carboniferous age. About 90% of this production has come from the Monte Cristo limestone of Mississippian age, and most of this ore has been mined from the relatively thin Yellow Pine limestone member. The May, Dusty, Black Line and John claims are in the Goodsprings dolomite of upper Cambrian age. This formation is known not to be favorable for ore deposition.

2. In the Goodsprings district more than 95% of the production has come from mines in which the ore bodies are bedded or nearly parallel to the bedding. The applicants prospects are along high angle faults or fractures that crosscut the bedding.

3. The rocks in the Monte Cristo limestone are massively bedded and homogeneous and this rock characteristic determines the development of a fracture pattern that is more susceptible as ore reservoirs than the underlying thin bedded units of the Goodsprings dolomite.

4. The ore minerals from these small mines are jarosites (complex lead sulphates) which are concentrated near the surface by the decomposition of ferruginous chert and its replacement by lead bearing sulfides. It has been established that these cherts also are formed near the surface and that the silica content of the rocks decreases rapidly with depth. Since the deposition of these lead-bearing jarosites is dependent upon the presence of large quantities

of ferruginous cherts it can be assumed that ore bodies of this type will not extend far below the surface.

5. The applicant estimates that the mine contains 6668 tons of measured ore that assays 11-12% Pb and 12,7000 tons (7500 tons 50-60% Pb and 5200 tons 11-12%) of indicated ore. Applicant fails to show location of this ore reserve.

These claims were held under lease and option during World War II by a competent mining man who failed to establish sufficient ore reserves to warrant equipping the mines for production.

6. The past production from the mines has probably been less than 2000 tons of crude ore that averaged between 15 and 20% Pb.

7. In the Goodsprings district the oxidized ore bodies are erratic making it extremely difficult to block out ore reserves with any degree of accuracy. The measured ore estimated by the applicant is small but for a deposit of this type there is considerable room for doubt as to its existence. It is common practice in the district to refer to indicated and inferred ore as measured or blocked out ore. If, as the applicant states, there are 6668 tons of measured ore on the property, this small tonnage is not sufficient to pay for the cost of mining and the repayment of the loan.

Net smelter returns on 11-12% ore = $25.00 per ton
6668 tons x $25.00 = $166,690.00
Mining costs, freight charges, Federal taxes, royalty, trucking, salaries ; $21.27 per ton
6668 tons x $21.27 = $141,628.36
Net profit before taxes and repayment of loan = $24,061.64

In order for the applicant to realize these returns, it will be necessary to maintain a production rate of 100 tons of ore per day. During World War II none of the mines reached a production of 100 tons per day and it is doubtful if more than 50 tons per day could be produced from this type of deposit.

Returned herewith are:

4 copies RF-101
1 copy RF-100

Approved:
Tom Lyon

Director, Supply Division

R. P. Billings, Chief
Lead-Zinc Branch

ABrokaw:emp
G 9-11-51
Copies to: H. C. Miller (2)
Chief, Lead-Zinc Br.
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