DMA

REGIONAL DIRECTOR'S
OFFICE
REGION IV
AUG 8 1951
BUREAU OF MINES
DENVER, COLORADO

July 30, 1951

Re: DMA-774

Mr. Victor Toly
Box 716
Park City, Utah

Dear Mr. Toly:

Your application for an exploration loan of $45,991, half to be advanced by the Government, has been given a thorough study by the Defense Minerals Administration.

You propose to deepen your shaft until some favorable fissure is found on which further exploration can be extended, but there is no definite goal in mind. No evidence is presented to indicate the possible existence of a vein in depth. We do not believe that the chances for finding worthwhile deposits of zinc, lead, or copper ore by random shaft sinking of this type in the area that you have picked are good enough to justify the high cost that must go into shaft sinking. I regret, therefore, that we are unable to approve your request for an exploration loan.

The three assays sent in with your application, the cross section sketch of your shaft, and the plate from your geologic report are returned to you herewith as per your request. We wish to thank you for bringing this property to our attention.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

GME

Enc 5

ETMcKnight:emp
G 7-30-51

Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

DMA

REGIONAL DIRECTOR'S
OFFICE
REGION IV
AUG 8 1951
BUREAU OF MINES
DENVER, COLORADO

July 30, 1951

Memorandum

Re: D4-774
Victor Toly
Park City District, Utah
Exploration loan $45,991
Lead-zinc-copper

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Subject: Denial of exploration loan

The applicant and his family have been sinking a 4 x 4 shaft for 13 years on land that they own in the Park City District, about 1000 feet northeast of the American Flag shaft. The present depth of this shaft is 70 feet. It is in the Weber quartzite, and has no geologic basis other than a prospector's blind hope. A sketch accompanying the application shows a thin south-dipping fissure crossing the shaft near the bottom. No description is given of this fissure, except 2 assays are presented that show 0.7 to 1% zinc, no copper or lead, and 0.4 to 0.8 oz. silver. The fissure has no interest, and the proposal is to sink the shaft on to a depth of 150 to 200 feet "to acquire a better development, to reach a higher grade of ore which we believe is at a lower depth than the one we are now at; at a lower depth we will propose to drift in the best direction of indicatable ore fissures and leads".

The applicant has no money, and proposes to furnish his half of nearly $46,000 by furnishing the labor of himself, sons and step-sons, 9 workmen in all. For 6 month's time proposed for the exploration, this will come to somewhat more than $10,000, possibly the $20,000 claimed by applicant. One of the 9 workmen will act as cost accountant and the others will work on the shaft in two shifts. The exploration plan is indefinite, proposed costs are hazy and inconsistent in different parts of the application, additions are incorrect, and the details of equipment needed are very sketchy - starting with nothing, all the large equipment they propose to buy is a compressor, hoist and truck. Possibly with a field team making a plan for them, figuring the equipment needed, the costs, and coordinating the available labor with the work to be done, a reasonable plan might be worked out for continuing this shaft and changing it to a drift when the right looking spot is reached. This would be an unsatisfactory way to set up an exploration program, to say the least. It is believed, however, that the application should be denied on independent grounds, as explained in the following paragraph.

3/4

The shaft starts in the Weber quartzite and is thus below the formations that make replacement ore bodies. The only hope for ore is a vein or lode of the type that is developed in the Ontario lode. Location of the property is about half way between the Ontario-Only West lode system and the Silver King lode system which are a mile apart. It is in an area which only a few veins have been found, one of which is the American Flag. To start sinking a wildcat shaft in the hope of finding a few vein or lode containing commercial ore is believed to be too long a geologic shot to be worthy of encouragement at the price it would cost. It is therefore recommended that the project be denied and the enclosed letter sent to the applicant.

Returned herewith are 2 copies of original application on USBM Form 146; 2 copies of MF-100 with answers; 2 copies of MF-103 with answers to the exploration requirements and costs questions (Nos. 0-24); 1 copy Landlord's Subordination Agreement; 1 copy of contract (MP-200) filled out by applicant; letter from applicant dated May 20, 1951 correcting his exploration application; letter of inquiry dated July 22, 1951; 3 assay reports; 1 sketch of cross section of shaft; and 1 copy of plate 39 from U.S. Geological Survey Professional Paper 77. Note that applicant requests return of the last three entries.

J. P. Billings, Chief
Lead-Zinc Branch

Approved:
Tom Lyon

Director, Supply Division

Enclosures

ETMcKnight:emp
G 7-30-51
Copies to: J. H. East, Jr Region IV (2)
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA
R. R. Mote
Reports & Records
Directors r file 4214 GSA
Br. r. file 4214 GSA
Files

REGIONAL DIRECTOR'S
OFFICE
REGION IV
MAY 21 1951
BUREAU OF MINES

May 16, 1951

In reply please
refer to Docket DMA-774

Routine

Mr. Victor Toly
145 Empire Canyon
Park City, Utah

Dear Mr. Toly:

The Lead-Zinc Branch of the Defense Minerals Administration has recently reviewed your application for an exploration loan on your Gold Star property. The review indicates that you are willing to match funds for this exploration if you are allowed to substitute labor value for actual cash. It is not clearly stated how you propose to accomplish this, therefore, clarification is needed before we can proceed further with your application.

You state that the value of the labor of 7 to 9 men will be used for this purpose. Is it your plan to pay these men from your own funds or do these men share in the ownership of the property and, therefore, will contribute their time and labor to the project as a part of the applicant's share of the costs? It should be noted that no part of the money allocated to the project by the Government can be used for the payment of labor, if the applicant agrees to furnish this labor as his share of the costs.

On Form MF-103 filed by you, you state that the amount of Government participation required is 100 per cent. The maximum money that the Government can allocate to a lead-zinc project under the exploration program is 50 per cent of the total cost. For this particular project the Government's share would be, if approved, $22,995.50 and you would be required to furnish an equal sum, or its equivalent in labor, rental of equipment, or similar services.

It will be appreciated if these questions could be clarified promptly.

Very truly yours,

L. F. Strobel
Tom Lyon
Directors reading file 4214 GSA
Br. reading file 4214 GSA
Files

AlBrokaw: emp G 5/16/51
Copies to: J. H. East, Jr. Region IV (2) Herres
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA Herres, Chief
Lead-Zinc Branch
L. B. Moon
R. H. Mote

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

APR 12 1951

In reply please
refer to [illegible]

[illegible]
[illegible]
[illegible], Utah

Dear Sir:

[illegible] purpose of the Defense Minerals Administration is to [illegible] development and [illegible] of strategic minerals and metals. There is a pressing need for [illegible] reserves of strategic materials, financial aid in which can be given through procurement contracts for such materials [illegible] supply. In the strength of these contracts, the applicant can obtain private financing [illegible].

The program recently approved for the purpose of exploration of strategic materials calls for participation on the part of the applicant. For this, [illegible] per dollar it will be necessary to raise government funds on an equal basis. Funds advanced by the Government will be considered a loan, to be repaid as the exploration or production, but to be excused if unnecessary. In connection with the plan, explaining the projects that will be eligible for assistance, the terms and schedules of financing, repayment, and other pertinent information, are [illegible].

A review of your application [illegible] for financial aid in exploration on your mine [illegible] (by specific location given) indicates that part of your property may be considered under this exploration program. Details of recently expended funds with an estimate of expense to date for this will be subject to a final determination by inspection, but on a preliminary basis we believe that the program will apply to that part of your application which deals directly with exploration [illegible].

Where a [illegible] under this application, which [illegible] requires a [illegible], please indicate your willingness to produce your share of the funds needed to carry out the proposed exploration. Any modification of your original proposal [illegible] will be considered, but you should be [illegible] if you [illegible].

Very truly yours,

Otto Herres

[illegible]:[illegible]:[illegible] 4/10/51

Copies to: Chief, Land-Use Br.
Otto Mainight - [illegible]
2 copies to Exec. Officer
[illegible], Jr. Region IV
[illegible]

[illegible], Chief
Land-Use Branch

L. J. Strotel
[illegible] Littenderf
Files

Mining Division
Region IV

October 13, 1950

Mr. Victor Toly
Box 716
Park City, Utah

Dear Mr. Toly:

Supplementing Mr. J. H. Hedges' letter to you dated September 19, 1950, we are enclosing a form letter giving the information that probably will be required for mining loans under the Defense Production Act.

Further information will be sent you as the program develops.

Sincerely yours,

P. T. Allsman
Chief, Mining Division

Enclosure

PTA:lm

cc: SR Wilson

REGIONAL DIRECTOR'S OFFICE
REGION IV
SEP 22 1950
BUREAU OF MINES
DENVER, COLORADO

September 19, 1950

Mr. Victor Toly
Box 716
Park City, Utah

COPY TO SR WILSON 9-26-50

My dear Mr. Toly:

Your letter of September 10 to the Secretary of the Interior concerning a loan for mine exploration and development has been referred to me for reply.

As you may know the Defense Production Act recently passed by Congress includes provisions for mine exploration and development loans to stimulate domestic mineral production. The administrative details and actual working procedure to carry out the provisions of the Act have not been fully established at this time. Local newspapers and the technical journals will undoubtedly publicize the establishment of a framework to process mining loans and details of procedure concerning such loans.

Sincerely yours,

J. H. Hedges, Chief
Minerals Division

JEHill:ba

Copy to J. H. East, Jr., 224 New Customhouse, Denver 2, Colorado, W. C. I.
Minerals Division
Files

Park Dity, Utah
September 10, 1950

Secretary of Interior
Oscar L. Chapman
Washington, D. C.

Dear Sir:

I am writing to you to inquire about how to got about acquiring a money loan for development and exploration of my mine which is unimcorporated at the time, this mine is family owned, (farther & sons) I would appreciate it very much if you would reply and let me know how it is possible to acquire a government loan.

Sincerely yours,

Victor Toly, Pres.
Box 716
Park City, Utah

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