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

224 New Customhouse
Denver 2, Colorado

October 17, 1951

Memorandum

To: Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: Final Report, DMA Docket 979 - TA-6185, The Federal Foundry Supply Company, Weston and Crook County Bentonite Deposits, Wyoming

Enclosed herewith are the original and two copies of the report on the subject docket for your information and action.

The brochure is enclosed.

J. H. East, Jr.

for A. H. Koschmann

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Mining Division
Region IV

October 12, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: DMA Docket 973, TA-6185, The Federal Foundry Supply Company, applicant; Weston and Crook Counties, Wyoming

Attached is a brief letter report by F. D. Everett and comments by W. M. Traver, Jr. regarding the Federal Foundry Supply Company's application for Amortization Deduction.

It is probably true that the company as well as others producing bentonite are making sufficient profit that assistance through reduction in amortization is not required. However, after studying Title 32A-National Defense, Appendix, Chapter VI, Part 600, it appears that all of the conditions therein set forth are in accordance with the regulations and the application should be granted.

Paul T Allsman
P. T. Allsman

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
DENVER, COLORADO

Region IV

Building 20
Denver Federal Center
October 9, 1951

Memorandum

To: Chief, Mining Division, Region IV

From: Chief, Colorado Branch, Mining Division

Subject: DMA Docket 973, TA-6185, The Federal Foundry Supply Company, applicant; Weston and Crook Counties, Wyoming

Please find enclosed the original and seven copies of Floyd Everett's memorandum report on the subject docket which is for amortization deduction under the Internal Revenue Code.

I take it the decision to allow tax amortization does not hinge, in this instance, on reserves of bentonite ore, as stressed by Everett, but on the ability of the applicant to produce with the equipment on hand and meet a supposedly increased demand and, also, on how critical bentonite needs become.

The Moorcroft-Upton-Osage area supplies between 50 and 60 percent of the nation's bentonite and, according to the list of producers in the memorandum, has a present plant capacity of over 2,500 tons per day which, with the new plant under construction by the Magnet Cove Barium Corporation, will be increased by 350 tons this month.

Apparently the applicant had facilities for the production of 144,465 tons in 1951, whereas only 90,000 tons was produced in 1950. If all the producers increased their output in proportion, which appears very probable, and if operations are as profitable as reputed, it is very unlikely that there will be shortage in the immediate future.

I agree with Everett that the Federal Foundry Supply Company is entitled to no different consideration tax-wise than any other bentonite producer in the area or, for that matter, than any other industry engaged in the production of materials for national defense.

Mining Division
Date Rec'd.
OCT 11 1951
BUREAU OF MINES
Denver Colorado

Form NSRB-140, applicant's letter of September 12, 1951, to James A. Barr, and Tom Lyon's letter to Regional Director East are also enclosed.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Building 20
Denver Federal Center
October 9, 1951

Memorandum

To: Chief, Colorado Branch, Mining Division

From: Floyd D. Everett

Subject: DMA Docket 973, TA-6185, The Federal Foundry Supply Company, applicant; Weston and Crook Counties, Wyo.

This docket is for tax amortization covering mining equipment purchased and acquired before December 1950 with the exception of a power shovel which was acquired in May 1951. The equipment, with the exception of the shovel, was used during the mining season in 1950 and, including the shovel, in 1951.

If a shortage of bentonite occurs before the spring of 1952, very little can be done about it as the present mining season is over. The bentonite companies operate on material stockpiled at their processing plants during the late fall, winter, and early spring months which are usually severe. Production for the 1952 market depends on the quantity of bentonite that can be mined and stockpiled following the 1951-1952 winter processing operation.

There is no shortage of bentonite reserves at the present time. Deposits in the Moorcroft-Upton-Osage area are becoming depleted and some plants will face closure in the next five years. The Federal Foundry Supply Company does not have large reserves in this area and may be forced to close its Upton plant within a few years' time. However, plants in the northern, or Belle Fourche, S. Dak. - Colony, Wyo., area, have reserves estimated to last 15 to 25 years. The Federal Foundry Supply Company has holdings in this area and was stockpiling bentonite in 1949 preparatory to erecting a new plant near Colony. It is ~~not~~ known if this plant has been constructed.

The Magnet Cove Barium Corporation is constructing a new plant near Greybull, Wyo., which should be in operation by October 15, 1951. This plant has a processing rate of 350 tons a day. Only a small stockpile has been accumulated but a good road to the deposits may enable this company to mine during most of the winter months. This operation will help to prevent any shortage.

Bentonite is a highly profitable commodity and a producing company should be able to finance the cost of operating, equipment maintenance and depreciation, and any expansion in facilities necessary for a stipulated output.

Much of the bentonite mining is contracted. Equipment used comprises bulldozers and bulldozer-carryall combinations for stripping overburden, and disc plows, bulldozers, power shovels, and traxcavators for mining and loading.

A list of the processing plants in Wyoming and South Dakota and their rate of production as of 1949 is as follows:

	Tons/day
Northern Black Hills	
Baroid Sales Division, National Lead Company Colony, Wyo.	420
Eastern Clay Products Company Belle Fourche, S. Dak.	250
American Colloid Company Belle Fourche, S. Dak.	270
Southern Black Hills	
Baroid Sales Division, National Lead Company Osage, Wyo.	340
Wyodak Chemical Division, Federal Foundry Supply Company Upton, Wyo.	250
American Colloid Company Upton, Wyo.	150
Black Hills Bentonite Company Moorcroft, Wyo.	140
Eastern Wyoming Bentonite Company Moorcroft, Wyo.	40
Other	
*Wyotana Mining Company Wyola, Mont.	120
Benton Clay Company Casper, Wyo.	150
Wyoming Bentonite Sales Company Greybull, Wyo.	100

Other (continued)	Tons/day
United Products Company Rock River, Wyo.	100
**Magnet Cove Barium Corporation Greybull, Wyo.	300

*Plant closed 1950.
**Plant will start production October 1951.

Floyd D. Everett

Floyd D. Everett,
Mining Engineer

[redacted]
Denver 2, Colorado

October 17, 1951

Memorandum

To: Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: Final Report, DMA Contract 973 - Tungsten, The Federal Tungsten Supply Company, Boulder and Gilpin Counties Colorado Tungsten, Spending

Enclosed herewith are the original and two copies of the report on the subject contract for your information and action.

The enclosure is enclosed.

[redacted]

[redacted]

for [redacted]

Enclosures

WDM:oj
cc: DMA Subject and Chron.
AHKoschmann

Mining Division
Region IV

October 18, 1951

Memorandum

To: DM Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: DMA Docket 973, M-6185, The Federal Foundry Supply Company, applicant; Weston and Crook Counties, Wyoming

Attached is a brief letter report by F. D. Everett and comments by W. H. Travers, Jr. regarding the Federal Foundry Supply Company's application for Amortization Deduction.

It is probably true that the company as well as others producing bentonite are making sufficient profit that assistance through reduction in amortization is not required. However, after studying Title 32A-National Defense, Appendix, Chapter VI, Part 600, it appears that all of the conditions therein set forth are in accordance with the regulations and the application should be granted.

W. T. Allmann

Enclosure

WTA:Rwb

Mining Division
Region IV

October 2, 1951

Memorandum

To: W. M. Traver, Jr.

From: Chief, Mining Division, Region IV

Subject: DMA Docket 973, TA-6185, The Federal Foundry Supply Co., applicant

Floyd Everett is familiar with the bentonite situation and may be able to prepare justification for approval or denial without contacting the company. However, contact may be desirable to bring him information up to date.

The company production was 90,000 tons in 1950, the present capacity is 144,465 tons annually and the new installations are supposed to raise capacity to 180,581 tons annually. If 1951 production is no better than 1950, the present capacity may already be in excess of the ability of the operations to meet. If this is the case, additional capacity may be unnecessary.

The operators appear to indicate that mining equipment is inadequate to mine sufficient bentonite during the dry months to assure running the plant at capacity.

Only sufficient information to resolve these questions are required. Reserves are not involved and an elaborate report is not necessary.

Paul T. Allaman

PTA:oj
cc: DMA Subject and Chron.
AHKoschmann

224 New Customhouse
Denver 2, Colorado

October 1, 1951

Memorandum

To: W. M. Traver

(Through Chief, Mining Division, Region IV)

From: DMA Field Team, Region IV

Subject: DMA Docket 973, TA-6185, The Federal Foundry Supply Company, Applicant

Enclosed herewith is application for Tax Amortization of the subject docket relating to equipment for bentonite deposits in Weston and Crook counties, Wyoming, with copy of a letter to the Supply Division, Defense Minerals Administration and a copy of a letter from the Chairman, Coordinating Committee.

Please give your comments regarding this application and return the enclosed documents with your reply.

J. H. East, Jr.

for A. H. Koschmann

Enclosures

EDH:ld
cc: Koschmann

DMA

Mr: Please review and determine what should be done. I suspect field examination will be required. Max Knechtel U.S.G.S. is the heulandite expert. I don't know where he is located maybe Reno also. p.t.

OFFICE OF THE ADMINISTRATOR

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

REGIONAL DIRECTOR'S
OFFICE
REGION IV
SEP 24 1951
BUREAU OF MINES
DENVER, COLORADO
370

SEP 19 1951

Mr. J. H. East, Jr., Executive Officer
DMA Field Team, Region IV
224 New Customhouse Building
Denver 2, Colorado

Subject: DMA-973 TA-6185
Bentonite

Dear Mr. East:

As requested by you during your telephone conversation with Mr. I. E. Weber of this Branch, we are enclosing letter of September 12, 1951, from The Federal Foundry Supply Co.

We would appreciate having your comments on this letter, particularly as to the possibility of a shortage of bentonite next year and applicant's need for the equipment given in Appendix A - Detail Sheet - to obviate such shortage.

Form 140 with Appendix A - Summary Sheet - is enclosed.

Under item 3 (c) applicant states that 144,465 tons is the designed production without facilities to be certified. Based on applicant's Bureau of Mines yearly production record he produced about 90,000 tons in 1950.

We would appreciate an early reply with the return of the enclosed documents.

Sincerely yours,

Tom Lyon

Tom Lyon, Chairman
Coordinating Committee

Approved
Enclosures

Lowell B. Moon
T. P. Thayer