July 25, 1951

Memorandum

Re: DMA-643 TS 2395
$400,000
Mohave Metal Mining & Reduction Co.
Zinc, lead

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Subject: Denial of necessity certificate

The request for a loan to purchase and set up a 400 ton mill and to construct a caustic leach plant for zinc, submitted as DMA-494, is being denied as per accompanying memo. This, in effect, denies the necessity certificate based upon the same proposed operation.

Returned herewith are: 2 copies of the application on NSRB Form 140 each accompanied by inventory of equipment, supplies and buildings at the Pilgrim mine; and various transmittal letters connected with this docket.

T. P. Billings, Chief
Lead-Zinc Branch

Approved:

Tom Lyon

Director, Supply Division

ETMcKnight:emp
G 7-25-51

Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4004 GSA
R. H. Mote
Reports & Records
Directors r. files 4214 GSA
Br. files 4214 GSA
Files

850

1951

July 25, 1951
Re: DMA-494

Mr. J. S. Bagg
Mohave Metal Mining and
Reduction Company
Kingman, Arizona

Dear Mr. Bagg:

Your application for a Government loan of $400,000 to purchase and set up for operation a 400 ton mill in the Wallapai District and to construct a caustic leach plant, all to be operated in large part, on a custom basis, has been reviewed by the Defense Minerals Administration. We have the report that the field team prepared on the proposed operation and on the ore reserves of the district that would contribute to the proposed custom mill and caustic leaching plant.

On the basis of this review, we must conclude that the grade of ore available is not rich enough at present metal prices to offset the high costs that would be involved in opening and operating the contributing properties. Furthermore, the tonnage of ore available is not great enough to supply a mill of the capacity that you propose. There is already sufficient custom milling capacity in the district to handle the available ore, if there were a large enough tonnage of it that could be mined profitably. The caustic leach process is still in an experimental stage, but even if successful, the reduction in costs made possible by the process would not be sufficiently great to change the situation.

As the contributing mines cannot operate at a profit, we are, therefore, not justified in recommending that the Reconstruction Finance Corporation advance public funds to establish milling and reduction plants.

This decision nullifies the need for a necessity certificate for tax amortization purposes, hence the companion application, DMA-643, TA 2395, is being canceled.

I regret the decision that we have had to reach, and I can assure you that it was arrived at only after a thorough study of the many problems involved.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

E.T.McKnight:emp
G 7-25-51
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. file 4214 GSA
Files

350

1651

July 25, 1951

Memorandum

Re: DM-494
Mohave Metal Mining & Reduction Co.
Direct loan, $400,000

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Subject: Denial of loan for custom milling and caustic leach zinc plant.

The field team report makes a thorough analysis of mining costs in the Wallapai district, from which the mill and reduction plant would be supplied, and concludes that the district is submarginal under present mining costs and metal prices. Applicant proposes a 400 ton mill, whereas, the district cannot supply more than 150 tons per day. There are already 2 custom mills in the district, of 150 and 70 ton capacity respectively, which are idle because of submarginal nature of the ore reserves. The field team recommends against the loan. The Lead-Zinc Branch has studied the field team report and concurs in the recommendation made.

There is also a confidential letter, returned herewith, concerning the competence of the applicant which is very pertinent to the decision reached.

It is recommended that the attached letter of denial be sent to applicant.

Returned herewith are:

2 copies of field team report with transmittal letter of June 12.
3 copies of confidential letter dated May 21, from M. J. Kleing and L. L. Farnham.
1 copy of original docket submitted by applicant, with NSRB Form 146 in pocket.
Letter dated April 20, from J. P. Ryan, mining engineer retained by applicant to assemble engineering data for the application, denying that he has any interest in the application and requesting that his name be dissociated from the proposed operation.

WTM
J.F.S.

Copy of a memo from M. J. Fleing to [illegible] R. Storms, dated May 25, 1951, explaining the thoroughness with which the study of the docket was made.

Various and sundry transmittal letters, some in duplicate, recording the peregrinations of this docket.

J. F. Billings, Chief
Lead-Zinc Branch

Approved:

[illegible] Lyon

Director, Supply Division

ETMcKnight:emp
G 7-25-51

Copies to:

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

g.f.d.

224 New Customhouse
Denver, Colorado

June 18, 1951

Memorandum

To: Landon Strobel, Executive Secretary, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 23-50 and 49

We are enclosing a memorandum from W. R. Storms, dated June 8, with copies of a confidential letter from M. J. Kissing, consulting mining engineer, Tucson, and L. L. Fanham, Bureau of Mines engineer, regarding the Tennessee-Schuylkill project and Mohave Metal Mining and Reduction Company project, both located in the Wallapai district, Mohave County, Arizona.

These letters should be made a part of the reports previously submitted for your consideration.

J. H. Bast, Jr.

Attachments

Copy to Allmann and Kaufmann
JHB/el
cc dma files

June 6, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : Letter regarding BMA Dockets 21-50 and 494

Enclosed are original and 7 copies of a letter from Morris J. Kising, our consulting mining engineer, which explains why he and L. L. Farnham were so long in completing their reports on the above dockets.

It might be wise to have this letter included in Kising's and Farnham's final reports.

Walter R. Storms

CC P. T. Allsman (7)
BMA 21-50
BMA 494
WF

WRStorms:frj

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
MINING DIVISION
REGION IV

Arizona-New Mexico Branch
Box 4097

Tucson, Arizona

May 25, 1951

Memorandum

To : Walter R. Sterms, Tucson, Arizona

From : M. J. Elsing, Consulting Mining Engineer, Tucson

Subject : DMA Docket 21-50, Tennessee Metals Corp.

On April 6, 1951, L. L. Farnham and I completed our field investigations of DMA Docket 21-50 covering the Tennessee-Schuylkill project and DMA Docket 494 covering the Mohave Metal Mining and Reduction Co. project, both located in the Wallapai district, Mohave County, Ariz.

The first application requests a loan of $350,000 to provide for the mining of 300 tons of ore per day and the second application requests a loan of $400,000 to provide milling and other treatment facilities for 400 tons per day.

The rough draft of the report on the Tennessee-Schuylkill project was completed May 11 and the rough draft of the report on the Mohave Metal Mining and Reduction Co. was completed May 21, 1951.

It is realized that the preparation of these reports has taken a great deal of time. I would like to show for the records what has been done and why it was considered so important to make the investigations so complete.

In the first place the conclusions to be drawn were not regarding two or three mines but the whole Wallapai district which includes 225 mines of which some 150 have produced ore.

It did not take long to arrive at a conclusion but it has taken a long time to assemble the data to prove that the conclusion is correct beyond the shadow of a doubt. A great many people besides the applicants are looking forward to the reopening of the Wallapai district and no doubt they will be greatly disturbed at our conclusion that the district is sub-marginal under present economic conditions of prices of metals and the cost of their production.

We have studied a great mass of data. At the Tennessee mine Mr. Langley allowed us to take everything we wanted in the line of maps. There was no single map showing ore reserves. Our first step in studying the Tennessee-Schuylkill mine was to make a composite assay map. We took assays from 24 separate assay maps and combined them so that ore reserves could be calculated. In calculating ore reserves we used over 600 samples. Average widths of ore were taken for each section of the mine and a weighted average grade was calculated for gold, silver, lead and zinc.

A table was made showing the yearly production of the mine since 1901 showing the average grade of the ore for each year in ounces of gold and silver per ton and the average percentage of copper lead and zinc.

Mr. Langley did not have a summary of the production and grade of the ore from the Summit, Alpha and other mines he proposed to work. We had to get this information from smelter settlement sheets, a long tedious job.

Except in the Tennessee-Schuylkill mine there is very little measured ore. Our conclusions as to possible production of the Wallapai district had to be based on the past production of scores of small producers. Some information was obtained and tabulated regarding 100 mines in the district.

Farnham and I have felt that the district should not be turned down without getting as much information about it as was available. We think our conclusions are unbiased and impartial and we are very willing to defend our position anywhere at any time.

M. J. ELSING
Consulting Mining Engineer

22d Post Customhouse
Denver, Colorado

June 12, 1951

Memorandum

To: Lucien Strobel, Executive Secretary, Defense Minerals Administration

From: DMA Field Team, Region IV

Subject: DMA Docket 494, Mohave Metal Mining and Reduction Co. Project, Mohave county, Arizona

We are attaching the original and two copies of the report on DMA Docket 494 listed above.

Also attached in a sealed envelope is a confidential letter regarding the competence of the management. From the statements made in this letter by N. J. Kizing and L. F. Farnham, both of whom are reputable mining engineers in Arizona, the competence of the applicant can well be questioned. It is requested that the attached confidential letter not be allowed in general circulation.

We concur with the recommendations made in this report.

Attention is called to the second to last paragraph of the recommendations that "under present economic conditions no loan be granted for the opening of any mine in the district for the production of lead and zinc, that no loan be made for exploration of these metals and that no access roads be built." Since the application is for a loan to finish purchasing a 500-ton custom mill and to reduce zinc concentrates to metal, the recommendations obviously exceed the requirements of the application.

Paul V. Allsman
P. V. Allsman, Alternate

A. H. Koschmann
A. H. Koschmann

Attachments
One copy by air mail
Two copies by regular mail
Original brochure

PVA/cl Copy to DMA files, Koschmann, Allsman
Storms and Anderson

Mining Division
Region IV

June 6, 1952

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division

Subject: DMA 484, Mohave Metal Mining and Reduction Co., Vallegrat District, Mohave County, Arizona

The Mohave Metal Mining and Reduction Company applied for a loan of $400,000 under the Defense Production Act of 1950 for the following purposes:

Purchase of produces mill	$40,000
Rehabilitation and equipment removals	28,[illegible]
Installation of flotation equipment	41,[illegible]
Power transmission line and sub-station	38,[illegible]
Construction of cyanide leach plant	130,000
Contingencies and working capital	114,[illegible]
Total	$400,000

This loan was to provide ore treatment facilities for milling 400 tons per day.

The company does not own any mines, but does have a lease on the Colorado and other claims of Pueblo Mining Company. Available reserves in the Colorado Vein are estimated at 60,000 tons of ore averaging 17.38 Zn, 0.10 ounce gold and 2.4 ounces silver per ton. Other mines owned by Pueblo Mines, Inc. are the Upper Bullock and Big Bullock which have produced some ore, but records of production are not available.

From the information available the average content of the ore in the Vallegrat District is 3.5% lead and 6.[illegible]percent, with 0.[illegible] ounce gold and 3.5 ounces silver per ton. The net value of concentrates from such an ore is equivalent to $17.[illegible] per ton of ore as compared with estimated total costs of $[illegible].[illegible] per ton of ore.

The engineers consider that ore in the Vallegrat District is sub-marginal at present prices of metals and present costs and they recommend that the requested loan be denied, with which I agree.

The second paragraph of their recommendations, quoted below, appears to be too severe, however.

"It is further recommended that under present economic conditions no loan be granted for the opening of any mine in the district for the production of lead and zinc, that no loan be made for exploration of these metals and that no access roads be built."

W. H. McMillan
for P. T. Allmann
Chief, Mining Division

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 25 1951
DENVER, COLO.

April 20, 1951

494

Mr. John Sherman Bagg

Kingman, Arizona

Dear Mr. Bagg:

Your letter of April 6 to Dr. Boyd has been referred to me for reply in view of his temporary absence from Washington.

I regret that part of our field team visited your project without giving you sufficient warning to insure your presence but presumably Faick and Bromfield were a part of the field team that found you at home.

We are awaiting the report from the field which will be necessary before the Defense Minerals Administration can arrive at a decision as to whether a procurement contract can be made for zinc production from your property. When we have received this report, we will notify you promptly.

Very truly yours,

Tom Lyon, Director
Supply Division

ETMCKnight:emp
G 4/20/51
Copies to: Chief, Lead-Zinc Br.
ETMcKnight
J. H. East, Jr. Region IV (2)
L. B. Moon
R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

East reading room

494

April 20, 1951

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 25 1951
BUREAU OF MINES
DENVER, COLORADO

Mr. John Sherman Bagg

Kingman, Arizona

Dear Mr. Bagg:

Your letter of April 8 to Dr. Boyd has been referred to me for reply in view of his temporary absence from Washington.

I regret that part of our field team visited your project without giving you sufficient warning to insure your presence but presumably Feinn and Brookfield were a part of the field team that found you at home.

We are awaiting the report from the field which will be necessary before the Defense Minerals Administration can arrive at a decision as to whether a procurement contract can be made for zinc production from your property. When we have received this report, we will notify you promptly.

Very truly yours,
Tom Lyon

Tom Lyon, Director
Supply Division

ETMCKnight:emp
G 4/20/51

Copies to: Chief, Lead-Zinc Br.
ETMcKnight
J. H. East, Jr. Region IV (2)
L. B. Moon
R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

9/E

JOHN SHERMAN BAGG
NATURAL RESOURCES
Kingman, Arizona

April 8, 1951

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 25 1951
BUREAU OF MINES
DENVER, COLORADO

C O P Y

Dr. James Boyd, D M A
Bureau of Mines
Washington D C

My dear Jim:

Finally, after two months, your Tucson office made a trip in here. I was on a weeks trip to San Francisco and Los Angeles when they arrived. I missed them and the opportunity after two months to explain my program to them. As it was they had to do the best they could with another engineer. Is it against your ethics to have the courtesy to let American miners know when to expect you, or do you DROP in unannounced like the income tax man? This is "How to loose friends and disgust people".

While I was away, I interviewed two of the largest engineering firms, both staffed with old friends. They told me that if I could get a contract for zinc (from the General Services Adm?) that I could go to a bank and get the money to build a plant.

We have a mine that has produced to date under the smelter records 70,000,000 pounds of zinc.

This mine has 40,000,000 pounds of zinc now available for a mill.

Half of this amount is in mined ore now on the surface ready to go to the mill. The other half is in ore DEVELOPED and READY TO STOPE.

(Time out; John M Faick and Calvin S Bromfield USGS from the Tucson office cane in and we have had a good two hours on this mine and this district. I suspect they are interested)

We are trying the best we know how to get intp production on zinc. We are down to beans now (the bacon has flown too high) This time we seem to smell the sulphur from "dear old uncle Joe's tail", and WE TOO dont want to be sent to the Siberian Salt Mines.

With the altruistic smelters setting up a settlement price to us miners of 17½¢ (while they are getting either directly or indirectly from 27½¢ AND UP) and allowing only 6¢ to get through to the miners, we just cant get into the ball game.

How do I orewe get a contract from Uncle Sam for 40,000,000 pounds of zinc over a 5 or ten year period, so we can maybe short the cumbersome and involved present approach?

Please see that this gets to the proper people so we can be told to go ahead or BAIL OUT.

How can I helf YOUR set up? Regards
John Sherman Bagg

cc To Hon John R. Murdock W Stewart Symington Harlan Trott CS Monitor

February 23, 1951

Memorandum

To: J. Bruce Clemmer
T. T. Allsman (2)
Charles Anderson

From: Field Team, DMA, Region IV

Subject: Mohave Metal Mining and Reduction Company, Docket DMA 494

We are forwarding application of the Mohave Metal Mining and Reduction Company, Docket DMA 494, for field investigation. This proposal will require a geological, engineering and metallurgical determination. It is requested that this application be given your attention as soon as possible, also that the proposal DMA 50-21, which has already been forwarded to you, be considered also in regarding to this proposal.

We are sending one copy of the application to J. Bruce Clemmer and one copy to Mr. Anderson. Mr. Clemmer will make his copy available to Mr. Storms.

J. H. East, Jr.

A. H. Koschmann

Attachments -
Copy of Lead-Zinc Branch memo, 2/13/51
Report application of Mohave Metal

Copy to S. R. Zimmerley
Koschmann
DMA files

JHE/c

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

REGIONAL OFFICE
REGION IV
FEB 23 1951
BUREAU OF LAND
DENVER, COLORADO

February 13, 1951

Re: Docket DMA-494

Memorandum

To: Executive Officer of Field Team, Region IV
Through Operating Committee and Director, Supply Division

From: Lead-Zinc Branch, DMA

Subject: Application of
Mohave Metal Mining and Reduction Company
John Sherman Bagg
Vice President and General Manager
Kingman, Arizona

Subject docket is referred to field team for investigation and advice.

Application is for loan of $400,000 to finish purchasing a 400 ton mill, converting it to flotation along with general rehabilitation of equipment, construction of caustic leaching and electrolytic precipitation pilot plant, construction of power line, contingencies and working capital.

Proposal is to operate mill as custom mill in the Wallapai (Chloride) district, and to reduce zinc concentrates to metal.

Of first importance is question of adequacy of reserves in the district. Note that another proposal for this district, DMA-21 and 50 combined, consolidation of Tennessee Schuylkill and Arizona Metals Company, already sent to field team, may also propose custom milling service to the district.

Proposal for caustic leach and electrolytic precipitation of zinc should be considered in view of the predominance of sulfide in the district. Applicant states (page 32) that process is for oxidized ore or for calcined sulfide ore, hence presumably the intent is to calcine the sulfide concentrates and reduce these electrolytically.

Applicant states (page 5 of NSRB form 146) that "a large surplus of electric power is immediately available from the Hoover Dam Kingman line and will be sufficient for all anticipated requirements." This point needs to be considered carefully, as power demands from proposed projects in the area may well exceed the power supply.

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch, DMA

Approved:
DMA Operating Committee

C. O. Mitendorf
Acting Chairman

J. H. Hedges
J. H. Hedges

T. P. Thayer
for Olaf N. Rove

February 13, 1951

Re: Docket DMA-494

Mr. John Sherman Bagg
Vice President and General Manager
Mohave Metal Mining and Reduction Company
Kingman, Arizona

Dear Mr. Bagg:

Your application (Docket DMA-494) for a Government loan under the provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration. Before final decision can be taken on your request it will be necessary to obtain additional information on your property. Your application, therefore, has been referred to the appropriate field office with the request that the needed information be supplied to us.

Yours very truly,

J. H. Willisten, Director
Supply Division
Defense Minerals Administration

KTMcKnight:jeh
G-2/14/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
R. H. Mote
Strobel
Mittenderf
2 copies to Executive Officer,
Regional Field Team, Region IV
Files

Form 6–98

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

U. S. GOVERNMENT PRINTING OFFICE 16—53493-2