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

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
APR 10 1951
SAN FRANCISCO, CALIFORNIA

March 29, 1951

DMA-281
Copper Canyon Mining Company
Battle Mountain, Nevada

Refer to	Noted	Date
	Miller	
Answered		

Mr. Leo Nielson
Secretary
Reconstruction Finance Corporation
Washington, D. C.

Dear Mr. Nielson:

I wish to thank you for your letter of March 22 in relation to Copper Canyon Mining Company, Battle Mountain, Nevada, DMA-281.

Your action in making available insurance funds for the purpose of restoring the property as we requested is appreciated.

Sincerely yours,

JAMES BOYD
Administrator

OHERRES:ks

cc: Administrator
Deputy Administrator
Strobel
Moon
Mote
McKnight
Herres
2 copies Executive Officer Field Team Region III
Mr. H. C. Miller, 1415 Appraisers Building
San Francisco, California
Files

Refer to	Noted	Date
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Answered		

DEPARTMENT OF INT
BUREAU OF MIN
REGION III
RECEIVED
MAR 12 195
SAN FRANCISCO, CALIFORNIA

March 1
~~February 26~~, 1951

Re: Docket IMA 281

Mr. Leo Neilson, Secretary
Reconstruction Finance Corporation
811 Vermont Avenue, N. W.
Washington, D. C.

Dear Mr. Neilson:

Copper Canyon Mining Company, L. E. Whicher, President, has applied to the Defense Minerals Administration for help in getting the Copper Canyon Mine, near Battle Mountain, Nevada, into production again.

In 1947 and 1949, the company borrowed from the R. F. C. a total of $148,534.87 for deepening the shaft to the 700 foot level and concentrating to, and developing, a lead-zinc ore at that level. This work was done, and I understand that some $15,000 has been repaid on the loan.

In June, 1950, a fire at the mine did considerable damage to surface installations and to the shaft. The surface damage was covered by insurance to the extent of $17,674.43, which sum has been paid and is being held by the San Francisco R. F. C. loan agency pending financial arrangements for repair of the shaft.

The company has partly repaired the surface installations and will finish this job as soon as certain skilled repair men can arrive. The shaft timbers are cut and ready to install. The company shows every indication that it is trying to get the property back into production as quickly as possible. It has gone ahead raising privately $75,000 or so which should be available in the near future, but it needs to have the insurance money released, in order to contract for the total cost of repairing the shaft.

The property is fully equipped with power plant, 350 ton flotation mill, and buildings at a total original cost of approximately $1,000,000, and although the grade of ore is marginal, the company produced concentrates in 1949 that contained 1,300 tons of lead, 663 tons of zinc and 63 tons of copper, in addition to gold and silver. The mine was operating regularly on a 200 ton per day basis up until the time of the fire.

Adequacy of the supply of lead and zinc for defense needs depends upon continued production from those mines that are now producing or are able to produce with little delay. It would appear that production could be obtained quickly from this mine as soon as the repair work is finished. The Geological Survey has checked the reserves and believes them to be 40,000 tons of measured ore and at least 100,000 tons, by conservative estimate, of indicated ore averaging 2.25% lead, 1.00% zinc,

Entire copy
Recd to
Wilcox week
3/20

0.2% copper, .025 oz. gold and 2.7 oz. silver per ton.

We therefore urge any consideration that can be given by the R. F. C. toward getting this mine back in production. There may, of course, be circumstances affecting the relations of the R. F. C. to this operation that are not evident in the appeal made by Mr. Whisher, but we believe that immediate release of the insurance money would expedite needed production from this mine.

Sincerely yours,

Administrator

ETMcKnight:jeh
G-2/6/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
R. H. Rote
2 copies to Executive Officer,
Regional Field Team, Region III
Strebel
Mittendorf
Files
Ralph J. Roberts

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
MAR 12 1951

SAN FRANCISCO, CALIFORNIA February 16, 1951

Memorandum

To: Operating Committee, DMA

From: Lead-Zinc Branch, DMA

Subject: Application of
Copper Canyon Mining Company
L. A. Pickner, President
25 Broad Street
New York City, N. Y.
Mine at Battle Mountain, Nevada

Re: Docket DMA 281
Commodity: lead, zinc, copper

This application is a rather indefinite request (letter of December 13) for two things:

1. Release of insurance money being held by the S. F. O.;

2. An apparent request for an additional loan of $20,000 from Government for developing an upper level to increase production from 200 tons to 300 tons per day.

These two items require different treatment, and will be discussed in order.

The company, which is a marginal producer of lead, zinc, copper, gold and silver, owes the U.S. about $135,000 on loans borrowed in 1947 and 1948. In June, 1950, a fire at the mine did considerable damage to surface installations and to the shaft. The surface damage was covered by insurance to the extent of $17,674.43, which sum has been paid and is being held by the San Francisco R. F. C. Loan Agency pending financial arrangements for repair of the shaft.

Ralph J. Roberts, geologist of the Geological Survey, about 2 years ago finished a project covering this mine. He was called by long distance telephone on January 29 in the hope that he would be able to corroborate off- and the claims of the company as to reserves of ore left in this mine. This he was unable to do without a revisit to the mine, which was made on January 31. He has reported back that in his judgment the company has 40,000 tons of measured ore and at least 100,000 tons, by conservative estimate, of indicated ore averaging 2.25% lead, 1% zinc, 0.2% copper, .025 oz. gold and 2.7 oz. silver per ton. He also reports that the surface installations at the mine have been largely repaired and that timbers are cut and ready for reribbing of the shaft. The company has a promise of about $75,000 from private sources but needs the insurance money to complete a contract for retimbering the shaft. The company has shown every indication that it is trying to get the property

back into production as quickly as possible. The difficulty has been that the R. F. C. has insisted on holding onto the insurance money until the shaft is retimbered, whereas the shaft couldn't be retimbered until the headframe was repaired.

The Lead-Zinc Branch therefore recommends that the attached self-explanatory letter from the Administrator of DMA be sent to the Secretary of R. F. C., urging that the insurance money be released to the mining company; and that it be routed through the Director of the Supply Division.

Request of the company for an additional $20,000 loan will be the subject of a separate memorandum, after further information is obtained from applicant. It is recommended that attached letter be forwarded to applicant, via the Production Expansion Division; note that it should not be forwarded until Administrator's letter to R. F. C. has been forwarded.

A more complete analysis of the affairs of the Copper Canyon Mining Company is given by E. W. Ellis at back of the docket material.

OTTO HEDGES, Chief
Lead-Zinc Branch, DMA

Approved:
DMA Operating Committee

_____
Chairman

_____
J. H. Hedges

_____
Clar N. Cove

ETMcKnight:jch
G-2/5/51

copy to: Chief, Lead-Zinc Branch
Geological Survey - McKnight
J. H. Hedges
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2 copies to Executive Officer,
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DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
MAR 12 1951
SAN FRANCISCO, CALIFORNIA

March ~~February 5~~, 1951

Mr. L. S. Whicher, President
Copper Canyon Mining Company
25 Broad Street
New York City, New York

In reply please refer
to Docket DMA 281

Dear Mr. Whicher:

In further reply to your letter of December 13, 1950:

The Defense Minerals Administration has written to the Reconstruction Finance Corporation urging that to insure needed production of strategic metals from your mine, the insurance money held by the San Francisco branch office be released to your company so that you can proceed with repair of the Copper Canyon mine shaft. We are at present awaiting their reply.

Your letter of December 13 proposes opening of the 500 level of the mine at an estimated cost of $20,000. It is not clear to us whether your letter is a request for an additional loan of this sum from the Government, or whether the implication is that this sum is being raised privately and that release of the insurance money is all that is being requested at present. No program has been set up by the Defense Minerals Administration for direct loans to equip zinc, lead, or copper mines for production, or to finance development of proven ore of these metals. Our accepted program is to accomplish the objective of increased production through negotiating procurement contracts to purchase, at the present market price, and for a set period (two years in the case of zinc), the output of zinc and copper from mines producing these metals. The mine, of course, does not have to sell to the Government, at the set price, but the purchase contract assures a market for the period indicated. Because the anticipated lead supply appears ample for emergency needs during the next few years, no corresponding purchase program has been set up for lead.

If you believe that a procurement contract for zinc and copper would aid your mine operation, we will be glad to have you propose such a contract. You should indicate the rate at which you would be able to produce the concentrates, the date at which this production would begin, the composition of the concentrates that would be contracted, and where they would be shipped for reduction. The Government would, of course, guarantee that part of the smelter settlement that credits you with a set price for the recoverable metal.

Very truly yours,

Mittendorf
Files

OTTO MARKS, Chief
Lead-Zinc Branch
Defense Minerals Administration

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