IN REPLY REFER TO:

G-MD-GRM

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

July 13, 1954

Memorandum

REVIEW OF FIELD TEAM REPORT ON APPLICATION DMEA-3196 (asbestos)

To: L. G. Houk, Defense Minerals Exploration Administration
From: D. M. Larrabee, U. S. Geological Survey
Applicant: Keystone Asbestos Corp., Washington, D. C.
Name of property: Calethia Asbestos Group 1 to 8.
Location of property: Siskiyou County, California.
Date of Field Team Report: June 30, 1954.
Authorship of Field Team Report: F. J. Wiebelt and H. E. Stager.
Field Team's recommendation:

Calethia No. 3 claim only

Stage 1. Trenching 300' x 15-20' deep
Stage 2. Core drilling 3,000'

$24,958.11

Comments:

1. Trenching program appears too great (trenches too long) for an 18' band.

2. 50' spacing of holes is more like blocking out ore than exploration.

ACTION RECOMMENDED: Refer to Field Team for more realistic and economic approach.

D. M. Larrabee

copy to: DMEA (3)

Application Denied 9/22/54.

1

Asbestos: DMEA 3196
Keystone asbestos Corp
Calathin Asbestos Property:

Mostly surface weathered ~~stale~~
select fiber, contains portions
3 pieces light green.

Sent to Lamb informally for
separation of fiber

11 pieces

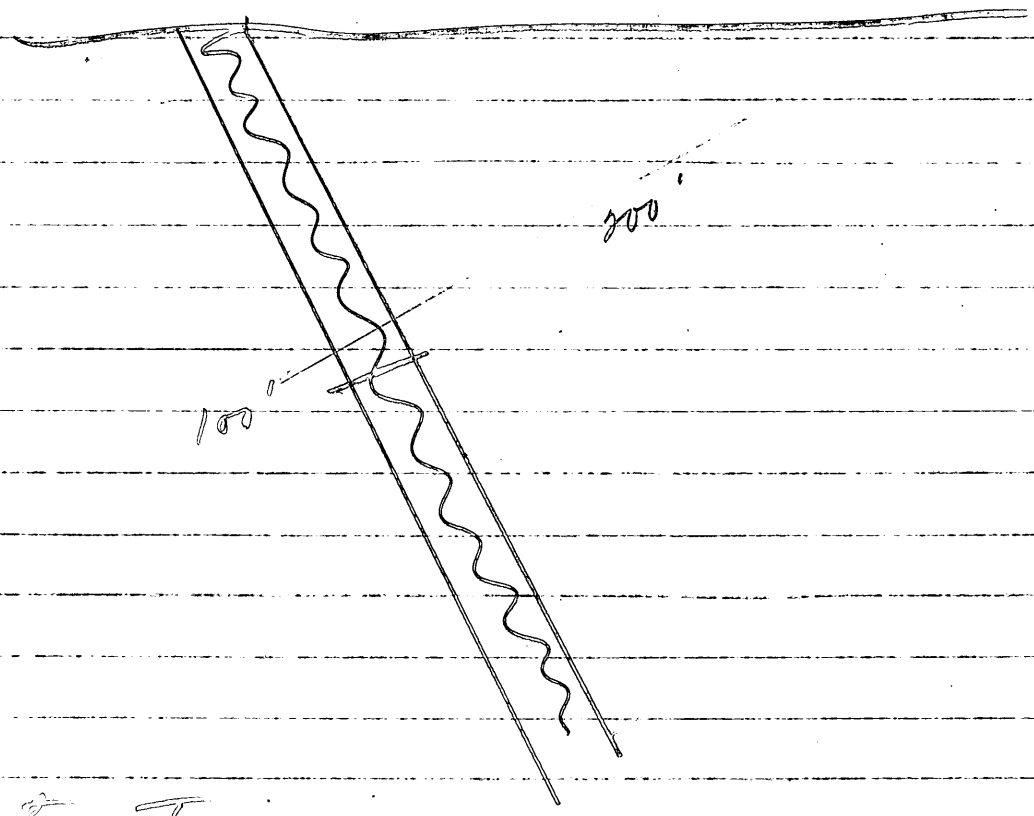
Sent to Lamb & CP
for separation

Sample to Warnke July 6, for Fe.

Proof 15 holes.
5 counting

750' area.

? 12 holes. 2 holes at Big Sete



Stage I
Bandage 12 years

$300

JUL 22 1954

Mr. George C. Tournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMMA-3196 - Asbestos
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Tournas:

Your application for aid for an exploration project and other reports available to us in Washington relating to the subject property have been reviewed.

Projects approved by the Defense Minerals Exploration Administration must, in its judgment, show definite promise of yielding materials of acceptable grade in quantities that will significantly improve the mineral supply position for the National Defense Program.

The results of the study of the chrysotile asbestos fiber indicate that it would not be acceptable for inclusion in the National Stockpile. We regret to advise you, under these circumstances, that your application for exploration assistance is denied.

We wish to thank you for your interest in the Defense Minerals Program and for bringing your property to our attention.

Sincerely yours,

C. O. Mittenderf

Administrator

TGBerking 7/21/54
Copy to: Admr. R. File
Docket File
Field Team, Region III
Operating Committee
Mr. Bowles, 3516
Mr. Larrabee, 5216
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

Mr. George C. Vournas, President
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Reference is made to your letter of July 26, 1954, requesting a re-examination of your application denied July 22, 1954, because the asbestos was not acceptable for stockpiling.

The specimen of asbestos which you submitted ~~October 10,~~ Nov 17 1953, was insufficient to determine its acceptability for stockpiling. It was not until the Field Team made their examination of the property that a sample of asbestos was received and analyzed for stockpile acceptability and found unsuitable.

Applications DMEA-3095 and DMEA-3096, received June 29, 1953, which resulted in Contracts Nos. Idm-E624 and Idm-E623, were processed under the criteria in force at the time they were received. The criteria in effect on October 20, 1953, when application DMEA-3196 was received and at present, limits exploration assistance to those projects which will produce asbestos acceptable for stockpiling.

Your action in suspending drilling operations on DMEA-3096, Idm-E623, when unfavorable results indicated that the probability of making a significant discovery was remote, is commendable. Your contract with Boyle Brothers to drill a minimum of 2,000 feet was undertaken on your own initative and as an ordinary business risk. We regret that any misunderstanding of our requirements has caused you possible loss.

We have re-examined the factors involved in the denial of DMEA-3196 and find that the rules and regulations under which we operate must be sustained, and the denial is, therefore, reaffirmed. The denial of this application is made without prejudice to the property, possible merit as a possible producer of non-strategic asbestos

Sincerely yours,

Administrator

Rewritten by request of [illegible]

Mr. George C. Vourn[illegible], President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Reference is made to your letter of July 26, 1954, requesting a re-appraisal of the denial of the subject application, ~~and~~ you ~~stating~~ that you are unaware that one of the criteria for exploration assistance is that the mineral must be acceptable for stockpiling, and you point~~ing~~ out that your applications DMEA-3095, Idm-E624, and DMEA-3096, Idm-E623, were not judged by this criteria.

It is true your applications DMEA-3095 and DMEA-3096, received June 29, 1953, which resulted in Contracts Idm-E624, and Idm-E623, were processed under more lenient criteria than DMEA-3196. Application DMEA-3196, received October 20, 1953, was denied under the criteria in effect at the time of its receipt in this office. The specimen of asbestos which you submitted on November 17, 1953, was of insufficient size to determine its acceptability for stockpiling. The property was not accessible for field examination until May 18, 1954. The sample of asbestos-bearing rock taken by the Field Team was received in Washington May 25, 1954. and The Field Team recommendations were received in Washington July 7, 1954, ~~and~~ Samples were quickly referred to the General Services Administration for ~~the~~ appraisal & their letter advising that ~~consultant's letter stating~~ the samples were not acceptable for stockpiling was received July 16, 1954, ~~and~~ Pursuant to that advice our denial action was taken on July 22, 1954.

~~You will find enclosed DMEA Order-1, dated March 7, 1952, and DMEA Order-1, Amended, March 19, 1954. Please note Section 6, "Criteria, (a), The strategic importance of the mineral involved".~~

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

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Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

Under this section of the criteria, the minerals eligible for exploration assistance and their specifications are re-examined from time to time by appropriate Government agencies and the various amendments to DMEA Order-1 have reflected the results of those reviews.

Your action in suspending drilling operations on DMEA-3096, Idm-E623, when unfavorable results indicated that the probability of making a significant discovery were remote, is commendable. ~~Your contract with Boyle Brothers to drill a minimum of 2,000 feet was undertaken on your own initative and as an ordinary business risk.~~ We regret that you anticipated a contract on application DMEA-3196 and made your plans on this premise, and regret any misunderstanding of our requirements that has caused you possible loss or inconvenience.

Balance down below.

We have re-examined the factors involved in the denial of DMEA-3196 and ~~find~~ conclude that the rules and regulations under which we operate ~~must be sustained~~ cannot be waived, and the denial is, therefore, reaffirmed. The denial of this application is made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

Sincerely yours,

Administrator

Enclosures 2

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

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Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Signed _____

Interior—Duplicating Section, Washington, D. C.

August 5, 1954

Mr. George C. Vournas (Keystone Asbestos Corp.) telephoning Mr. Houk

DMEA-3196 - Asbestos

Mr. Vournas: I received today a letter from the Administrator that I am told 3196 is to be reconsidered and that a letter would be forthcoming in a few days. Tomorrow the driller will be through - they have completed the contract and I was wondering if anything could be done about coordinating these matters. I told them it was rejected and they were shocked. Have you any suggestions?

Mr. Houk: You know, Mr. Vournas, on these denials we have rules that we have to adhere to. I am just the mechanic that processes these applications. You will get a letter shortly from the Administrator answering your letter of July 26, 1954. About this place you are drilling now - you realize, of course, that we are limited in the money we could advance by a higher agency. The property that you are drilling now we would have to find out if that is strategic asbestos low iron enough to qualify for exploration assistance. It it qualifies we can give you exploration assistance. During the period you put through two applications June 29, 1953 and October 30, 1953 the interpretation of the rules was changed.

Mr. Vournas: You would want additional samples.

Mr. Houk: Yes we will get samples from the field team. How does the property look now?

Mr. Vournas: Looks alright. The boys from Reno have not gone over yet. They had not yesterday.

Mr. Houk: Have they scheduled a field examination?

Mr. Vournas: Yes. The other property I will fight this tooth and nail. The American market is in the hands of the cartel. This particular ruling keeps the power of the American market in a foreign cartel. Mr. Weaver told me in 1947-1946 when some question arose that if we buy directly our supply would be cut down. I was horified that a foreign cartel had such power. The American market needs about one million tons.

Mr. Houk: The Canadian type asbestos deposit does not qualify for exploration assistance that is true of the type in California. ~~Sometimes~~ In the domestic purchase program the Arizona asbestos is the only type they will buy. The program is limited to the State of Arizona. Our job is to try to stimulate the exploration for strategic asbestos. Vermont is a producer but they produce no strategic asbestos.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

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Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

Mr. Vournas: I have the statistics. The exploration assistance was not only for the American market needs - one million tons they need. The country needs very little strategic asbestos as compared to the general market. The American economy depends on having a million tons of asbestos. That was the purpose of the exploration assistance as I understand them.

Mr. Houk: The Defense Production Act of 1950 was to encourage exploration, development and mining for strategic and critical minerals. The list of strategic minerals is changed from time to time. They change specifications and minerals elegible for exploration assistance. It was primarily to get materials to be used in time of war.

Mr. Vournas: I assume then from the letter I will get that it is final denial. When will I get it?

Mr. Houk: The letter you will get is in the process of being finalized. I would prefer not to comment on its contents.

Mr. Vournas: I have to make a decision on moving the equipment.

Mr. Houk: Would you go ahead and drill on your own?

Mr. Vournas: No we would not drill on our own.

Mr. Houk: Everything points to reiteration of the previous decision.

Mr. Vournas: I will fight it to hell. It is unfair and unjust to change the rules.

Mr. Houk: The Government has the privilege of changing the rules.

Mr. Vournas: When a private firm does that it is hell.

Mr. Houk: There is a little difference there. I will make every effort to get that letter to you as soon as possible so you can make your decision.

Mr. Vournas: Alright.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

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Docket No. DMA - _____ Date received by P.E.D. _____

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Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

DI-43

UNITED STATES DEPARTMENT OF THE INTERIOR

CALL MEMO for _____ _____, 19____

M _____ Tel. No. _____

Office _____ Ext. _____

CALLED		PHONED	
A. M.	P. M.	A. M.	P. M.
☐ Will call again		☐ Will phone again	☐ Please phone

Message:

Received by _____

32027-1

[OVER]

8-6-54

I gave Holder the substance of P's 2 & 3 and reaffirmed denial.

No time to worry more

MESSAGE

more 12:00 noon
as we reach
decision. Meanwhile Holderness
will acknowledge
letter and say
getting information
from. Will
write ~~to~~ after
receipt of info.

GCL

Keystone

8/5/58

3196 Interior

Henry F. Jones complainant. Admin changed order on application. Appealed. Oct/1957. Denied not strategic.

Letter for Motion Hold over called. Told immediately pending. Well Ref. [illegible]

OVER

8/5/54

DMEA-3196 - Asbestos

George E. Johnson complains. Admin. changed rules on asbestos. Application Oct. 1953. Denied not strategic.

Letter to Malone - Holderer called. Told him matter pending. Will let him know more as soon as we reach decision. Meanwhile Holderer will acknowledge letter and say getting information. Will write after receipt of info.

G.C.S.

AUG 5 1954

Mr. George C. Vourmas, President
Keystone Asbestos Corporation
Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vourmas:

Reference is made to your letter of July 26, 1954, requesting a re-appraisal of the denial of the subject application. You state that you are unaware that one of the criteria for exploration assistance is that the mineral must be acceptable for stockpiling, and you point out that your applications DMEA-3095, Idm-E624, and DMEA-3096, Idm-E623, were not judged by these criteria.

It is true your applications DMEA-3095 and DMEA-3096, received June 29, 1953, which resulted in Contracts Idm-E624, and Idm-E623, were processed under more lenient criteria than DMEA-3196. The minerals eligible for exploration assistance and their specifications are re-examined from time to time by appropriate Government agencies and the various amendments to DMEA Order-1 have reflected the results of those reviews.

Application DMEA-3196, received October 20, 1953, was denied under the criteria in effect at the time of its receipt in this office. The specimen of asbestos which you submitted on November 17, 1953, was of insufficient size to determine its acceptability for stockpiling. The property was not accessible for field examination until May 18, 1954. The sample of asbestos-bearing rock taken by the Field Team was received in Washington May 25, 1954, and the Field Team recommendations were received in Washington July 7, 1954. The samples were quickly referred to the General Services Administration for appraisal and their letter advising that the samples were not acceptable for stockpiling was received July 16, 1954. Pursuant to that advice our action was taken on July 22, 1954.

We have re-examined the factors involved in the denial of DMEA-3196 and conclude that the rules and regulations under which we operate cannot be waived, and the denial is, therefore, reaffirmed. The denial of this application is made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

Your action in suspending drilling operations on DMEA-3096, Idm-E623, when unfavorable results indicated that the probability of making a significant discovery were remote, is commendable. We regret that you anticipated a contract on application DMFA-3196 and made your plans on this premise, and regret any misunderstanding of our requirements that has caused you possible loss or inconvenience.

Sincerely yours,

C. O. Mittenderf

Administrator

LGHouk:gad 8/5/54

Copy to: Admr. R. File
Docket File
Field Team, Region III
Dr. Bowles, 3516
Mr. Larrabee, 5216
Mr. Houk
Operating Committee

August 5, 1954

Digest of telephone conversation between Mr. George C. Selfridge and Mr. Holderer of the Senate Committee on Minerals.

DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Siskiyou County, California

Mr. Holderer telephoned Mr. Selfridge saying the Senator (Malone) had received a letter from Mr. George E. Johnson complaining that DMEA had changed its rules in the middle of the stream and that their (Keystone Asbestos Corporation) application, which was submitted in October, 1953, had been denied.

Mr. Selfridge explained that the asbestos had been tested and not found strategic. He stated we were considering the matter and as soon as a decision had been made we would let him know.

August 6, 1954

Mr. Selfridge telephoned Mr. Holderer and left a note for Mr. Houk as follows: (Mr. Selfridge was leaving for vacation)

"I gave Holderer the substance of paragraphs 2 and 3 of your letter of August 5, 1954, to Keystone Asbestos Corporation, and reaffirmed denial. No time to write more.

DEFENSE MINERALS ADMINISTRATION

97023

PRODUCTION EXPANSION DIVISION

PROCUREMENT APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Length of Contract (preproduction plus production) _____

Amount of Metals or Minerals in tons, units or pounds _____

Floor price or Guaranteed price and whether or not escalated _____

Maximum Government Commitment _____

Comments on Contract: _____

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Date sent to Legal Division _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to G.S.A. by D.P.A. _____

Date signed into Contract by G.S.A. _____

Additional Remarks: _____

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NOTE: If application is denied, or if it is recommended for change into exploration, etc., please state under additional remarks.

Interior—Duplicating Section, Washington, D. C.

Signed _____

Mr. Hauck

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

Mr. Robert S. Butler, Mining Consultant
Committee on Interior and Insular Affairs
House of Representatives
Washington 25, D. C.

Dear Bob:

Reference is made to your letter of August 1[illegible], 1954, enclosing a letter from Mr. George S. Johnson to the Honorable Clair Engle, requesting information on the denied Keystone Asbestos Corporation's application DMEA-3196.

The Keystone Asbestos Company submitted three applications to DMEA for exploration assistance. Two applications, DMEA-3095 and DMEA-3906, were received on June 29, 1953, and both resulted in contracts. The third application, DMEA-3196, was received on October 20, 1953. The property covered by this latter application was not accessible for field examination until May 18, 1954, when samples of asbestos-bearing rock were taken and sent to Washington. The samples were promptly referred to the General Services Administration for appraisal, and on July 16, 1954, that Agency advised that the samples were non-strategic asbestos. Pursuant to that advice, under date of July 22, 1954, the application was denied. The denial was made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

Consideration of these applications was based upon the criteria in effect at the time each application was received. Subsequent to receipt of the first two applications but prior to receipt of the third application we were directed by the Office of Defense Mobilization to limit exploration assistance to strategic minerals in relatively shortest supply for defense needs. Under this directive non-strategic chrysotile asbestos is ineligible for exploration assistance from DMEA. As you know the list of minerals eligible for exploration assistance is re-examined from time to time by appropriate Government agencies, and the various amendments to DMEA Order-1 have reflected the results of their reviews. The stockpile specifications also are re-appraised to keep them in line with defense requirements.

The suspicion that the International Cartel on asbestos is behind the decision of the Defense Minerals Exploration Administration to deny assistance is entirely unfounded. The DMEA program is administered solely in accordance with the needs for our national defense.

We regret that it was necessary to deny this application but know you understand our position and hope that the foregoing will enable you to explain the situation to the Representative. In response to your request Mr. Johnson's letter is enclosed.

Sincerely yours,

Deputy Administrator

Enclosure

LGHouk/FEJohnson/gad/bih
8/18/54
cc to: Docket
Admr. Reading File
Messrs. Mittendorf
Houk
Selfridge
F.E.Johnson

C
O
P
Y

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
House of Representatives, U. S.
Washington, D. C.

August 16, 1954

Mr. Frank E. Johnson
Deputy Administrator
Defense Minerals Exploration
Administration
Department of the Interior
Washington 25, D. C.

Dear Frank:

I am enclosing a letter to Congressman Engle from a Mr. George E. Johnson. Will you please look this over and write me, returning the letter so that Congressman Engle can answer it.

Yours very truly,

/s/ R. S. Butler

R. S. Butler
Mining Consultant

Enc.

C
O
P
Y

JOHNSON'S RESTAURANTS

5500 Stockton Blvd. and 1019 Tenth Street - Sacramento, California

August 3, 1954

Honorable Clair Engle
House Office Building
Washington, D. C.

My dear Clair:

I wonder whether I can bring a matter to your attention which vitally affects our area.

As I intimated to you sometime ago I have a substantial interest in the Keystone Asbestos Corporation, which concern has been carrying on exploration work for asbestos in Siskiyou, Trinity, and Shasta Counties. After considerable work and expense the corporation filed three applications for exploration assistance under the law. Two were granted, and one, covering an area near the source of the Sacramento River in Siskiyou County, a most promising project, was pending, it being DMEA-3196 - Asbestos, Calithea Asbestos Group 1 to 8. The field team of the Government which visited the area after considerable funds were expended to remove the snow last May, to make possible the inspection, was most favorably impressed by this project, and everyone expected that the contract would be approved as a matter of course, and drilling operations authorized during this season.

A few days ago Mr. C. O. Mittendorf, Administrator of the Defense Minerals Exploration Administration advised the Corporation that the chrysotile asbestos fiber samples which were forwarded to the Bureau indicate "that it would not be acceptable for inclusion in the National Stockpile." In other words, the Administrator changed the rules of the game while the play was on.

In view of the fact that all asbestos that may be produced in Northern California and part of Oregon and Nevada may not meet the high specifications of the National Stockpile, the action of the Administrator means that this entire area will be deprived of all benefits under the Defense Minerals Exploration Law.

The suspicion is entertained here that the International Cartel that controls asbestos production in Quebec, Canada and Southern Rhodesia is behind this decision of the Defense Minerals Exploration Administration. As you probably know, ore than 95% of asbestos used in the United States is chrysotile and nearly all of it is imported from Quebec and Southern Rhodesia.

The position taken by the Administrator at this late hour, it seems

to me, runs counter to the spirit of the law.

I know that you are tremendously interested in this matter, and that you would like to take a searching look. Mr. George C. Vournas, an attorney with offices in the Investment Building in Washington, D. C. has been an officer of the Keystone Asbestos Corporation for the past few years, and I am sure he would be more than happy to supply any additional information regarding the subject matter. Be assured that any assistance you may be able to render, not only to the Corporation, but to the question of development of our mineral resources in this area will be appreciated not only in this district, but by the entire state and the adjoining Nevada and Oregon areas.

I hope you will be home on time to participate in the State Convention. We need your advice and wise councel, also your Political "Poker Playing".

Very truly yours,

/s/ George E. Johnson

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

600

Mr. R. S. Butler, Mining Consultant
Committee on Interior and Insular Affairs
House of Representatives
Washington 25, D. C.

Dear Bob:

Reference is made to your letter of August 16, 1954, enclosing a letter from Mr. George E. Johnson to Honorable Clair Engle, requesting information on the denied Keystone Asbestos Corporation's application DMEA-3196.

This company submitted three applications. Two were received on June 29, 1953, application DMEA-3095, and application DMEA-3096, both resulted in contracts. The third application, DMEA-3196, was received on October 20, 1953. The property was not accessible for field examination until May 18, 1954, when samples of asbestos-bearing rock were taken and sent to Washington. The samples were quickly referred to the General Services Administration for appraisal, and on July 16, 1954, they advised this office that the samples were non-strategic asbestos. Pursuant to that advice the application was denied on July 22, 1954. Prior to receipt of the third application we were advised by the Office of Defense Mobilization to limit exploration funds to strategic minerals in short supply. The denial of the application was made without prejudice to the merits of the property as a possible producer of non-strategic asbestos.

The list of minerals eligible for exploration assistance are re-examined from time to time by appropriate Government agencies, and the various amendments to DMEA Order-1 have reflected the results of their reviews. The stockpile specifications also are re-appraised to keep them in line with defense needs.

The suspicion that the International Cartel on asbestos is behind the decision of the Defense Minerals Exploration Administration to deny assistance is entirely erroneous. The rules and regulations under which we operate are administered equitably to all and to meet our defense needs.

We regret that it was necessary to deny this application but know you understand our position and hope that the foregoing will enable you to explain the situation to the Representative. Mr. Johnson's letter is enclosed.

Sincerely yours,

Deputy Administrator

Enclosure

June 22, 1955

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

Subject: Resume of the Keystone Asbestos Applications and Contracts

The Keystone Asbestos Corporation submitted three applications.

DMEA-3095 - Contract No. Idm-E624, dated October 12, 1953.
The application was received June 29, 1953. Owner's Consent to Lien dated October 3, 1953.

Work started June 11, 1954, and was completed August 8, 1954. The Operator's final report was received October 8, 1954. Work under the contract consisted of constructing two miles of access road and 371 feet of AX diamond drill hole at $5.75, plus reaming and cementing. Total accepted cost of the project according to the audit certificate dated September 29, 1954, was $2,843.25. The operation was conducted in a workmanlike manner. The results of the diamond drilling were disappointing and no certification of discovery was issued. A closing letter was sent on the project January 28, 1955.

DMEA-3096 - Contract No. Idm-E623, dated October 13, 1953.
The application was received June 29, 1953. Owner's Consent to Lien dated October 3, 1953.

Work started May 12, 1954, and was terminated by mutual agreement after commencement but before completion of the work on July 10, 1954. Total accepted cost of the project was $4,098.00 and there was no certification of discovery issued. The Operator's final report was waived.

DMEA-3196 - no contract.
The application was denied.
The application was received October 20, 1953, requesting $24,968.11.

On November 2, 1953 bid by Boyle/~~Brothers~~ Bros. for diamond drilling was submitted. On November 17, 1953 a small sample of asbestos was submitted. November 25th, 1953 the application was referred to the field for a field examination. On June 30, 1954 the field team submitted a field team inspection report recommending a project in two stages. Stage 1 consisting of trenching and stage 2 of 3,000 feet of core drilling at a total cost of $24,968 subject, of course, to the eligibility of the asbestos for stockpiling.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

Other _____

Repayment and Rate _____

Comments on Contract: _____

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Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

On May 21, 1954 the field team submitted a sample for testing. Field Team examination was made on May 18, 1954. The sample was received in Washington May 25, 1954. On May 25, 1954 the sample was submitted to Frank Lamb, College Park for separation of the rock from the fiber. On June 25, I stopped at College Park on my way to work and aided by the technician there made the separation of the rock and fiber, bringing the fiber to Washington and immediately transmitting it to the Emergency Procurement Service for evaluation. On July 16, 1954, the General Services Administration by letter advised this office that the sample did not meet the requirements of the National Stockpile Material Purchase Specifications for Chrysotile Asbestos, and on July 22, 1954, Mr. Vournas was advised by letter from Mr. Mittendorf that his application was denied. On July 26, 1954, Mr. Vournas requested Mr. Mittendorf to re-examine the denial on the basis that the DMEA criteria for evaluating projects had been changed. On August 5, 1954 the denial was reaffirmed on the basis of the strategic importance of the mineral involved. On August 16, 1954, a letter to Congressman Ingalls of California from Mr. George E. Johnson was submitted by R. S. Butler, Mining Consultant and on August 19, 1954, the reasons for the denial were explained to Mr. R. S. Butler. Mr. Vournas, a local attorney, having offices in the Investment Building here in Washington, made frequent visits and had a number of telephone conversations with the Nonmetallic Minerals Division. This office has record of a telephone conversation of January 3, 1954, a portion of the conversation of which is included below:

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

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Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

Mr. Vournas: I received a letter from Mr. Miller, Region III, and he tells me he sent my request for amendments on both DMEA-3095 and DMEA-3096 back here to Washington for a decision.

Mr. Houk: Yes he sent your requests here for a decision for the principal reason that on November 3, 1953, the participation rate was changed from 90%- 10%to 75%- 25%, and the Office of Defense Mobilization indicated that hereafter only iron free asbestos could be given exploration assistance. As you know we operate on a one year appropriation and having no indication that the agency ~~would~~ will be continued we had to get a decision on whether the work could start after the end of the fiscal year. ~~Boyle Brothers state that they anticipate starting July 1, 1954.~~

Mr. Houk: Some of my superiors are of the opinion that the type of asbestos you are getting may not qualify under the present specifications as strategic asbestos and inasmuch as the participation rate has been dropped to 75% - 25% we would not be justified in increasing the costs in these contracts already executed. I will suggest to the Operating Committee that an amendment be prepared to extend ~~to June 1st~~ stop date, and July 1st, and that the trenching and other portions of your request ~~either~~ be absorbed by your company. ~~or forgotten.~~

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

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Comments on Contract: _____

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Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

June 22, 1955

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

Subject: Resume of Keystone Asbestos Corporation applications and contracts.

The Keystone Asbestos Corporation has submitted three applications:

1. DMEA-3095 - Contract No. Idm-E624.

6/29/53 Application received.

10/3/53 Owner's Consent to Lien received.

10/12/53 Contract was executed in Wahsington by Mr. George C. Vournas.

6/11/54 Work started.

8/8/54 Work completed. $2,843.25 spent. No certification of discovery issued.

1/28/55 Closing letter sent.

2. DMEA-3096 - Contract No. Idm-E623.

6/29/53 Application received.

10/3/53 Owner's Consent to Lien received.

10/13/53 Contract executed in Washington.

5/12/54 Work started.

7/10/54 Work terminated by mutual agreement. Total accepted cost of project was $4,098.00. No certification of discovery was made.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan -- Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

Other _____

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Comments on Contract: _____

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Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

June 22, 1955

Memorandum

To: Mr. C. O. Mittendorf

From: Lawrence G. Houk

Subject: DMEA-3196

A brief history of DMEA authorizations is included in this analysis:

11/28/51 Office of Defense Mobilization transfers DMPA to GSA.

4/15/53 ODM directive to Secretary McKay. to the maximum extent possible limit funds to bands one and two.

5/15/53 Implementation. DMEA Order-1, Amendment No. 2 eliminates 20 commodities and adds crocidolite to amosite and chrysotile.

6/1/53 Fleming to McKay process all applications received prior to May 15, 1953 by old criteria ~~XXXXXXXXXXX~~

8/31/53 (Directive) Borrowing authority to McKay:

(a) Eliminate 90% Government participation.

(b) Limit funds to strategic producers.

9/15/53 Clarification Wormser to Fleming asbestos, manganese, and copper should be considered strategic because of the shortest supply.clause.

10/14/53 Contract Idm-E623 was forwarded through the mail.

10/20/53 Application received requesting $24,968.11.

10/23/53 ~~Asbestos specimen submitted by applicant~~ Mr. George C. Vournas was handed a copy of Contract Idm-E624.

11/2/53 Operator asked for extension of starting time 7/1/54 and other changes which would increase cost to the Government.

11/3/53 Implementation. DMEA Order-1, Amendment No. 3. 75% participation for asbestos (chrysotile only). eliminating crocidolite and amosite.

11/17/53 Asbestos specimen submitted by applicant.

~~1/3/54~~ 1/13/54 Both contracts were discussed with Mr. Vournas.

1/29/54 The two contracts were amended to change starting date to 7/1/54.

3/19/54 DMEA Order-1, Amended.

5/18/54 Field Team examination made.

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

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Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

5/25/54 Field Team sample sent to College Park for separation of the rock from the fiber.

6/25/54 Sample sent to GSA for evaluation.

7/16/54 GSA advised this office that the material was non-strategic.

7/22/54 Application denied.

7/26/54 Applicant requests re-examination of all the facts concerning the denial.

8/5/54 The denial was reaffirmed on the basis of the strategic importance of the mineral involved.

Aug 19, To Butler for Rep. Clare Engler

The above are the facts connected with the case. The applicant's claim in his letter of ~~January~~ Dec 26, 1954 to Mr. C. O. Mittendorf that July 22, 1954 was the first time it was called to his attention that one of the criteria for exploration assistance was its acceptable for stockpiling.

(to be re-worded - This fact is refuted by our telephone conversation of January 13, and by the fact that he submitted a small sample on this project.)

On January 13, 1954 when Mr. Vournas was discussing the amendments o his two contracts he was appraised that the asbestos from the two contracts areas might not qualify under the present specifications as strategic asbestos and inasmuch as the participation of ratio had been changed we would not be justified in increasing, and that inasmuch as we operated on an earlier appropriation we would be unable to obligate funds for use after the first of the new Fiscal Year where no previous expenditure had been made.

Mr. Johnson points out that in light of the present interpretation of directives from Office of Defense Mobilization, the first two contracts might be considered ineligible for Government

DEFENSE MINERALS ADMINISTRATION

97021

PRODUCTION EXPANSION DIVISION

LOAN APPLICATIONS

Name of Company and Address _____

Name of Mine and Location _____

Docket No. DMA - _____ Date received by P.E.D. _____

Metals or Minerals involved _____

Amount of loan and interest rate _____

Type of Loan (R.F.C. or Guaranteed Bank Loan) _____

Term of Loan _____

Purpose of Loan — Mine Equipment _____

Mill or Reduction Plant _____

Operating Funds _____

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Repayment and Rate _____

Comments on Contract: _____

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_____

Date sent to Legal Division: _____

Date of Recommendation to D.P.A. for Certification _____

Date Certification sent to R.F.C. by D.P.A. _____

Date Signed into Contract by R.F.C. _____

Additional Remarks: _____

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Interior—Duplicating Section, Washington, D. C.

Signed _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

July 12, 1954

Memorandum

To: Mr. Lawrence Houk, Chief, Nonmetallic Minerals Division
D. M. E. A.

From: Commodity Specialist, Construction and Chemical Materials Branch

Subject: Docket No. DMEA-3196 - Asbestos, Keystone Asbestos Corp. Calethia Asbestos Group 1 to 8, Siskiyou County, California

As the field team report indicates the presence of a fiber-bearing zone 18 feet wide containing up to 8 percent of asbestos, apparently of adequate strength, and with a fair proportion of fibers of spinning length, further investigation would seem to be desirable. As the exploration program proposed by the Company is approved by the field team, I concur in the recommendation that DMEA assistance be furnished as proposed, provided that the analysis of the fiber now being made indicates that it will qualify as a non-ferrous fiber suitable for stockpiling.

Oliver Bowles

Copy to: ✓Mr. Houk 3

JUN 25 1954

Mr. H. C. Maull, Jr.
Director, Purchase Division
Emergency Procurement Service
General Services Administration
7th and D Streets S. W.
Washington 25, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Maull:

Transmitted herewith are two samples of asbestos for evaluation as to acceptability for stockpiling.

Mr. Clarence M. Chaffee, Chief, Ores Section, Emergency Procurement Service suggested sending the sample. We are unable to procure five pounds of the sample but are sending all that is available.

Sincerely yours,

Lawrence G. Houk, Chief
Nonmetallic Minerals Division

Enclosures 2

LGHouk:gad 6/25/54

Copy to: Admr. R. File
Docket File
Mr. Houk

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C. 600

May 25, 1954

To: Mr. Frank D. Lamb, Bureau of Mines, College Park, Maryland

From: Lawrence G. Houk, DMEA

Subject: DMEA-3196, Keystone Asbestos Corporation, Siskiyou County, California

Please separate the rock from the fiber and return the fiber to me at your convenience. If there is any charge kindly bill us on standard form.

LGHouk:gad 5/25/54

1605 Evans Ave.
XXXXXXXXXXX

May 21, 1954

Memorandum

To: Lawrence G. Houk, Director, Nonmetallic Minerals Division, Defense Minerals Exploration Administration

From: Chief, Mining Division, Region III

Subject: Application of Keystone Asbestos Corp. - DMEA-3196

In connection with the recommendation suggested in a memorandum to you dated November 18, 1953 from Oliver Bowles, Commodity Specialist, concerning above subject, we are sending you by parcel post, samples of asbestos obtained from the Calethia Asbestos property of the Keystone Asbestos Corporation for examination as to grade, quality, etc.

Please advise this office regarding the results of the examination so that they may be included in our examination report on the Calethia property.

A. C. Johnson

January 13, 1954

Mr. Vournas of Keystone Asbestos Corporation calling Mr. Houk

Docket No. DMFA-3095 - Asbestos
Trinity Asbestos Claims
Trinity County, California
Contract No. Idm-E624

Docket No. DMEA-3096 - Asbestos
Keystone Asbestos Claims
Siskiyou County, California
Contract No. Idm-E623

Mr. Vournas: I received a letter from Mr. Miller, Region III, and he tells me he sent my request for amendments on both DMFA-3095 and DMEA-3096 back here to Washington for a decision.

Mr. Houk: Yes he sent your requests here for a decision for the principal reason that on November 3, 1953, the participation rate was changed from 90 - 10 to 75 - 25 and the Office of Defense Mobilization indicated that hereafter only iron free asbestos could be given exploration assistance. As you know we operate on a one year appropriation and having no indication that the agency would be continued we had to get a decision on whether the work could start after the end of the fiscal year. Boyle Brothers state that they anticipate starting July 1, 1954.

Mr. Vournas: On the Calethia Asbestos Mine (DMEA-3196), the lower property we can start June 1st, then we can move to the second area. We have three areas.

Mr. Houk: Yes, but you have only two contracts. The lawyers feel it is voided because you have not started.

Mr. Vournas: Even lawyers take consideration of weather conditions. In November the contract was approved. Even to mobilize the equipment you would take until November 1st. You could operate before the snows came in that area. I have tried but we don't think you can persist.

Mr. Houk: Just what do you want to discuss now?

Mr. Vournas: Shall I execute a contract with Boyle Brothers? What is the action of the amendments, should they be notified?

Mr. Houk: Your amendments to extends the starting date to July 1, 1954, I have told you what our thought is on that. To drill NX in place of AX. I do not think NX is justified (DMFA-3096) around the small area that contain 9 stringers of asbestos. ~~Some trenching in necessary.~~ The amount nor the cost has not been provided by the field team. (Trenching) about Acess roads and core boxes. We made you an ample allowance for core boxes.

Mr. Vournas: If the type of drilling size is not changed it is not important. The difference in price will take care of the core boxes.

Mr. Houk: Some of my superiors are of the opinion that the type of asbestos ~~we~~ you are getting may not qualify ~~for~~ under the present specifications ~~for~~ as strategic asbestos and inasmuch as the participation rate has been dropped to 75 - 25 we would not be justified in increasing the costs in these contracts already executed. I will suggest to the Operating Committee that an amendment be prepared to extend to ~~June 1st,~~ and July 1st, and that the trenching and other portions of your request either be absorbed by your company ~~or forgotten~~.

Mr. Vournas: Boyle Brothers want us to sign a contract.

Mr. Houk: Boyle Brothers want you to sign a contract now? Which contract is that?

Mr. Vournas: DMEA-3096.

Mr. Houk: You can start on June 1st on that one, 3096?

Mr. Vournas: Yes.

Mr. Houk: In that case we will recommend an extension of the starting date to June 1st.

Mr. Vournas: Assuming that we have snow and cannot start until say June 15?

Mr. Houk: Suppose I make them July 1st. The wording will be something like this - if the work has not been started by July 1st they will be automatically terminated.

Mr. Vournas: Could you add - weather conditions permitting? Last year ~~that~~ they had nine feet of snow. We are ready but I wouldnt want to see an Act of God to tie us up in knots.

Mr. Houk: Any great snow this year so far?

Mr. Vournas: Yes but not as much as last year.

Mr. Houk: How do you propose to work this property if it is not accessable.

Mr. Vournas: By bulldozing. The distance is not far, it is all up. They can have a camp within nine miles of the operating area. This last application (3196) I sent some samples of iron free asbestos. That will be a year-round operation. In the slip fiber it is the highest point in the entire area. Do you know the problem? any where which will not tie us in knots because of conditions beyond our control.

Mr. Houk: Let me get this started and see how it goes along.

Mr. Vournas: The point is we will sign a contract with Boyle Brothers to move onto the property as soon as weather conditions permit. If we have a good spring we may go in even earlier. In all three by November 1st to be completed.

Mr. Houk: Well then I will get busy on this and call me in a week.

Mr. Vournas: By late Feb. or March we will have everything in shape.

NOV 25 1953

Mr. H. C. Miller
Executive Officer, DMEA
Field Team, Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Subject: Docket No. DMEA-3196 - Asbestos
Keystone Asbestos Corporation
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Miller:

Please review the subject application and arrange for a field examination if you deem it advisable.

Copies of memoranda from the Geological Survey and the Bureau of Mines are enclosed for your information.

Sincerely yours,

W. S. Martin
ACTING Chairman, Operating Committee

Approved:

J. H. Hedges
Member, Bureau of Mines

D. M. Larrabee
Member, Geological Survey

Enclosures 4

WCAndersen:gad 11/23/53
Copy to: Admr. R. File
Docket File
Operating Committee
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

NOV 25 1953

Mr. George C. Vournas, President
Keystone Asbestos Corporation
1005 Investment Building
Washington 5, D. C.

Re: Docket No. DMEA-3196 - Asbestos
Calethia Asbestos Group 1 to 8
Siskiyou County, California

Dear Mr. Vournas:

Your application for assistance in exploring the subject property has been reviewed by the Nonmetallic Minerals Division of the Defense Minerals Exploration Administration and has been referred to Mr. R. C. Miller, Executive Officer, DMEA Field Team, Region III, 1012 Flood Building, 870 Market Street, San Francisco 2, California, for further consideration and possibly a field examination.

The Regional Office will contact you at an early date if an examination is to be made. Any assistance that you may give the members of the field team during the examination will be appreciated.

Sincerely yours,

C. O. Mittendorf

Administrator

WCAnderson:gad 11/23/53

Copy to: Admr. R. File
Docket File
Field Team, Region III
Dr. Bowles, 3516
Mr. Larrabee, G-232 GSA Bldg.
Mr. Houk

Operating Committee

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 18 1953

November 18, 1953

Memorandum

To: Lawrence G. Houk, Director, Nonmetallic Minerals Division, Defense Minerals Exploration Administration

From: Oliver Bowles, Commodity Specialist, Construction and Chemical Materials Branch

Subject: Application of Keystone Asbestos Corporation, DMEA No. 3196

The asbestos sample from Siskiyou County, California, has been examined. It appears to be chrysotile asbestos in bundles of fibers having a maximum length of about 3/4 inch. Some of the bundles have fair strength and flexibility while others are weak and brittle. The sample shows some discoloration indicative of weathering, and weathering may account for the weakness of some of the fiber bundles.

I would recommend that the field team examine this property and during the examination secure samples if possible below the zone of weathering. These samples should be submitted to Washington for examination.

Oliver Bowles, Commodity Specialist
Construction and Chemical Materials Branch

IN REPLY REFER TO:

G-MI-CNP

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

October 22, 1953

Memorandum

REVIEW OF APPLICATION DMEA-3196 (asbestos)

To: L. C. Houk, Defense Minerals Exploration Administration
From: Donald A. Brobst, U. S. Geological Survey
Applicant: Keystone Asbestos Corp., 1005 Investment Bldg., Washington, D. C.
Name of property: Calethia Asbestos Group, Claims 1 to 8.
Location of property: S½ of Sec. 28, T. 40 N., R. 5 E., in Siskiyou County, California.
Estimated cost of project: $24,968.11.
Summary of applicant's proposal:
Make 2 additional trenches above the present trench, each new one to be 150 feet long and 15 to 20 feet deep. After outlining the deposit by trenching, core drilling is to be undertaken to determine the outline and extent of the deposit.
Sources of information on applicant's property:
Nothing in the files on these properties.
Comments:
1. More geological information is needed concerning the character and extent of the deposits, which can be seen from the surface and in the present trench.

2. Field examination is required to determine the feasibility of the applicant's plans for exploration. Possibly a 2-stage contract may be needed -- Stage I for trenching and Stage II for drilling if warranted after Stage I.

RECOMMENDATION:
Refer to the field team for an examination of the property.

Brobst:jeh
10/22/53

Donald A. Brobst

cc: Director's reading 4212
~~Branch 4212~~ DMEA 3
Branch reading 4212
files G-232