RECEIVED
APR 22 1957
Div. of Mineral Technology
BUREAU OF MINES
Denver Experiment Station
Denver, Colorado

GRAHAM MINES COMPANY

Silverton, Colorado
April 20, 1957

DMEA
DEPARTMENT OF THE INTERIOR
APR 23 1957
REGION III
DENVER, COLORADO

Mr. W. M. Traver, Jr., Chief
Building 20, Room 137
Denver Federal Center
Denver 14, Colorado

Dear Mr. Traver:

This is an inquiry as to whether our D.M.A. application can be re-opened and made retroactive, using original dates.

We have opened about 150 feet of vein with very good lead, zinc ore showing consistently the entire distance. The total amount of work done underground since we joined Mr. Graham is about 800 feet in drifts and cross-cuts. Outside we built 3/4 mile of road, and ore bin and compressor house.

An early reply will be greatly appreciated.

Very truly yours,

L. M. Mertz

L. M. Mertz

LMM:m

Form 6-96

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

DATE 4-22-57

REFERRED TO:

1. Mr Tarnesen
2.
3.
4.

FOR:

..... Action	..... Recommendation
..... Approval	..... Record of .....
..... Comment	..... Referring to .....
..... Conference	..... Reply for signature of .....
..... Consideration	..... Rewriting
..... Filing	..... Signature
..... Instructions	..... Suggestions
..... Investigation	..... Your information
..... Initials	
..... Mailing	
..... Previous correspondence	

REMARKS:

[illegible] of [illegible]

Check (X) before the items needing attention.

Initials of sender.

GPO 16—51162-1

224 New Customhouse
Denver 2, Colorado

April 23, 1957

Mr. L. M. Mertz
Graham Mines Company
Silverton, Colorado

Re: Docket No. DMA 13
(Lead-Zinc)
Graham Mines Company
(Graham mine)
San Juan County, Colorado

Dear Mr. Mertz:

We have ascertained that the DMEA Application referred to in your letter of April 20, 1957, was as referenced above.

You inquire as to whether your DMA Application can be reopened and made retroactive, using original dates. The Application was dated January 12, 1951, and since you indicate in your letter of April 20 that considerable work has been done since that time, a new application should be submitted, bringing all information up to date, rather than attempt to reopen old Docket No. DMA 13.

It is not entirely clear as to what you intended as to being made "retroactive." If your intention was to inquire as to whether or not the application could be made retroactive to cover the work that has been completed in the interim, the answer is negative, as the Government cannot participate in the costs of any work prior to the date of a contract executed by the parties concerned.

Should you have any further questions in the matter, we will be glad to attempt to answer them.

Very truly yours,

Original signed by
E. N. HARSHMAN
E. N. Harshman
Acting Executive Officer
DMEA Field Team, Region III

JWT:prl
cc: Chairman, Op. Comm. (2)
Harshman
Shaw
Docket
Townsend
Chron.

w/copy of Applicant's letter of April 20.

Mining Division
Region IV

December 27, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Final Report, DMA Docket 13, Graham Mine, (Lead-Zinc), San Juan County, Colorado - Applicant, Sam S. Graham for Graham Mines, P. O. Box 12, Silverton, Colorado

Enclosed herewith are the original and seven copies of C. M. Harver's memorandum report of December 12, 1951, supplementing M. K. Trover, Jr.'s report of June 4, 1951. The investigation of Reconstruction Finance Corporation data was made in accordance with Director Hunt's instructions by memorandum of October 1, 1951.

After study of all the information available, it has been recommended that Government assistance be denied.

The brochure submitted by the Field Team, Region IV, is also enclosed.

Paul T. Allanson

JWT:oc
cc: DMA subject, chron.
Koschmann

[illegible] New Customhouse
Denver 2, Colorado

December [illegible], 1951

Memorandum

To: Secretary to the Operating Committee, D.M.E.A.

From: Field Team, D.M.E.A., Region IV

Subject: Final Report, DMA Docket 13, Graham Mine, (Sam-Mine) San Juan County, Colorado, Applicant - Sam J. Graham for Graham Mines, P. O. Box 12, Silverton, Colorado

Enclosed herewith are the original and two copies of the Supplemental Report by C. W. Harrer, U. S. Bureau of Mines, pertaining to the above docket. The brochure is also enclosed.

The original application, made on Form DMEA-14A, was for a direct loan in the amount of $39,700, which was modified to $30,000 in subsequent correspondence.

The applicant has indicated his inability to match Government fund on a 50-50 basis, which is required by the Government for assistance in exploration work, and requests that the application remain as for a direct loan.

Reports by the Bureau of Mines and the Reconstruction Finance Corporation engineers indicate that there are insufficient ore reserves to warrant a direct loan. Therefore, it is recommended that the loan be denied.

J. H. Ent, Jr.
J. H. Ent, Jr.

A. H. Koschmann
A. H. Koschmann

JWT:oc
cc: DMA Subject, Chron.
Koschmann
cc: Traver w/copy of final report

Mr Millar:

Please review. WE.
Young made a report on this
property please review it.
also.

pfa

Over

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

REGIONAL DIRECTOR'S OFFICE REGION IV SEP 26 1951
SEP 24 1951

350

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

Re: DMA-13
Graham Mine
Silverton, Colorado
Direct loan, $30,000
Zinc, lead

Dear Mr. East:

Reference is made to a memo of June 4, 1951, from W. M. Traver, Jr., to Chief, Mining Division, Region IV, in regard to this docket.

The last paragraph of this memo mentions that further investigation of this docket would be deferred until development type loans were being considered by Defense Minerals Administration. This presumably has reference to the unsettled period in June when all of the Defense Minerals Administration's attention was being given to exploration projects.

The Defense Minerals Administration is, at present, considering straight loans on properties that have enough reserves to secure any loan requested. As Mr. Traver has presumably kept the original docket we do not know whether this application sounds promising as a prospect for a direct loan. We would appreciate it if the field team would give this docket further consideration so that a recommendation can be made, either approving or denying the request for a direct loan. Considering the early date at which the application was made, presumably a new application would be in order from the applicant on the proper DMA forms, provided the proposition looks promising in regard to proven reserves.

If the applicant does not have sufficient proven reserves and his original application was for exploration funds, his request would, of course, come under the exploration program which has been formulated since the original application was presented. The memo of June 4 from Mr. Traver has indicated that the applicant was not able to match funds in the exploration program of the scope that was presumably indicated in his original application.

Very truly yours,

Tom Lyon

Tom Lyon, Chairman
Coordinating Committee

Lowell B. Moon
For Bureau of Mines

T. P. Thayer
For Geological Survey

224 New Customhouse
Denver 2, Colorado

October 1, 1951

Memorandum

To: W. M. Traver, Jr.

From: Executive Officer, DMA Field Team, Region IV

Subject: DMA Docket 13, Graham Mine, Silverton, Colorado

Enclosed herewith is copy of a letter from the Chairman, Coordinating Committee, with reference to the above docket.

Please arrange to inspect the data in the RFC files on the application for a loan during World War II, and submit a final memorandum.

J. H. East, Jr.

J. H. East, Jr.

Enclosure

EEMsld

cc: Kosekamm
DMA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

December 27, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division, Region IV

Subject: Final Report, DMA Docket 13, Graham Mine, (Lead-Zinc), San Juan County, Colorado - Applicant, Sam S. Graham for Graham Mines, P. O. Box 12, Silverton, Colorado

Enclosed herewith are the original and seven copies of C. M. Harrer's memorandum report of December 12, 1951, supplementing W. M. Traver, Jr.'s report of June 4, 1951. The investigation of Reconstruction Finance Corporation data was made in accordance with Director East's instructions by memorandum of October 1, 1951.

After study of all the information available, it has been recommended that Government assistance be denied.

The brochure submitted by the Field Team, Region IV, is also enclosed.

W. H. King
for Paul T. Allsman

King
Shaw

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
December 18, 1951

Memorandum

To: Chief, Mining Division, Region IV

From: Chief, Colorado Branch, Mining Division

Subject: DMA 13, Graham Mines, Silverton, San Juan County, Colorado

Please find enclosed the original and seven copies of C. M. Harrer's memorandum report of December 12, 1951, supplementing my memorandum of June 4, 1951, on the subject docket. The investigation of Reconstruction Finance Corporation data was made in accordance with Director East's instructions by a memorandum of October 1, 1951.

All the information available, and there is a considerable amount of it, would indicate that there are definitely insufficient blocked ore reserves available to amortize a loan of $30,000.00. I agree that the loan should therefore be recommended for disapproval.

The brochure submitted by the Region IV Field Team is also returned herewith.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosures

pta

Mining Division
Date Rec'd.
DEC 19 1951
BUREAU OF MINES
Denver, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Region IV

Building 20
Denver Federal Center
Denver 14, Colorado
December 12, 1951

Memorandum

To: Chief, Colorado Branch, Mining Division

From: C. M. Harrer

Subject: DMA-13, Supplemental Report, Graham Mines, Silverton, San Juan County, Colorado

Reference: Memorandum from Regional Director East dated October 1, 1951

Data in the files of the Denver office of the Reconstruction Finance Corporation were made available to the Bureau of Mines by Carl I. Dismant, Engineer Examiner, and present a clear picture of the status of the Graham mine. In addition, an examination was made by the Bureau of Mines in conjunction with an access road application by S. S. Graham, loan applicant. References consulted are as follows:

(1) Access Road Report by C. R. Wilfley, USBM, July 7, 1943.
(2) Summary Report of Strategic Minerals Examination, by W. E. Young, USBM, September 5, 1950.
(3) Examination Report for RFC, by G. O. Argall, Jr., September 22, 1943.
(4) Examination Report for RFC, by E. V. Reinhardt, October 25, 1945.
(5) Examination Report for RFC, by E. V. Reinhardt and G. O. Argall, Jr., September 26, 1946.
(6) Examination Report for RFC, by R. B. Nelson, November 29, 1946.
(7) Examination Report for RFC, by G. O. Argall, Jr., April 10, 1947.

Graham Mines property is located in sec. 19, T. 42 N., R. 7 W., N. M. P. M., Eureka Mining District, San Juan County, Colo. The status of development is shown on figure 1.

A strong vein traverses the property with a northerly trend and dips 70° to 80° east. Good galena-sphalerite ore with appreciable gold, silver, and copper content was exposed in the 60-foot Crevice adit, about 125 feet below the crest of McMillan Peak. Sorted ore assayed about 39 percent zinc, 19 percent lead, and 0.5 percent copper, and included 0.02 ounce gold and 24 ounces silver per ton.

Twenty feet of drift extension in the Crevice adit, authorized by the Reconstruction Finance Corporation, proved this exposure to be a small, discontinuous ore shoot with diminishing values along extensions.

An average of five channel samples taken by Reconstruction Finance Corporation engineers along the vein and over an average width of 31 inches averaged 6.8 percent zinc, 3.2 percent lead, and 0.33 percent copper, with a trace of gold and 5 ounces silver per ton.

The Crevice adit, at an altitude of about 12,000 feet, is in extremely rugged terrain with encroaching talus slides and is very difficult to reach or work.

The Kansas City adit, which is the location of the proposed development, has been driven about 550 feet vertically below the Crevice adit and on the same vein structure. This has been advanced 120 feet southwesterly as a crosscut and 60 feet southerly along the vein (fig. 1).

S. S. Graham, L. M. Mertz, and O. F. Olsen have applied for a loan of $39,000.00 to advance the Kansas City adit 900 feet southerly along the strike. This proposal, as shown on the accompanying sketch, figure 1, is about 550 feet below the known ore horizon in the Crevice adit. Vein mineralization on the Kansas City Level is not encouraging according to reports.

No ore reserves can be calculated from present development.

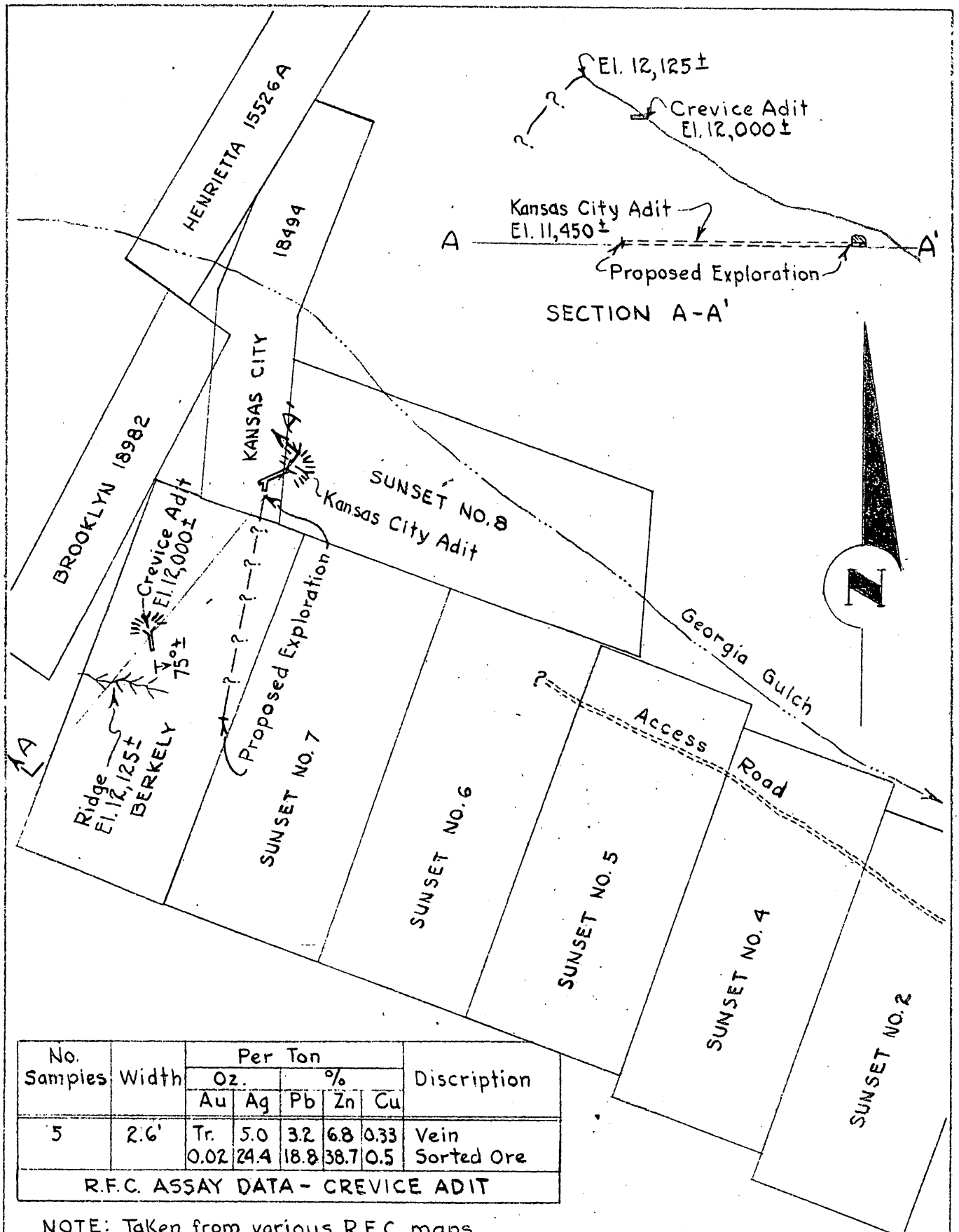
The proposed Kansas City adit extension, 900 feet along the vein, is an exploration venture only and cannot be considered a development project. This is verified by data in aforementioned reports.

M. F. Olsen, co-owner and loan applicant, has stated in a letter dated June 2, 1951, that they are unable to match funds on an exploration loan basis.

On the basis of reports by the Bureau of Mines and the Reconstruction Finance Corporation engineers, the requested direct loan of $30,000.00 on the Graham mine cannot be recommended for approval.

C. M. Harrer

C. M. Harrer
Mining Engineer



No. Samples	Width	Per Ton Oz. Au	Ag	% Pb	Zn	Cu	Discription
5	2.6'	Tr.	5.0	3.2	6.8	0.33	Vein
		0.02	24.4	18.8	38.7	0.5	Sorted Ore

R.F.C. ASSAY DATA - CREVICE ADIT

NOTE: Taken from various R.F.C. maps
Irrelevant owned mining claims omitted

SEC. 19, T. 42 N., R. 7 W. N.M.P.M

COLORADO BRANCH - MINING DIVISION - REGION IV

BUREAU OF MINES

FIG. 1 - SKETCH, GRAHAM MINE, EUREKA MNG. DIST., SAN JUAN CO. COLO., D.M.A.-13

June 15, 1951

Memorandum

To: Landon Strobel, Executive Secretary, Defense Minerals Administration

From: Regional Director, Region IV

Subject: DMA Docket 13, Graham Mine, Silverton, Colorado

We are in receipt of a memorandum from W. M. Traver, Chief of the Colorado Branch of the Mining Division, Bureau of Mines, stating that the owner of the Graham Mine cannot match funds with the Government for the exploration program.

We are attaching a copy of Mr. Orville F. Olsen's letter to Mr. Traver dated June 2, and also, a copy of Mr. Traver's memorandum to the Chief of the Mining Division dated June 4. Mr. Olsen is co-owner of the mine.

J. H. East, Jr.

Attachments

JHE:ld

Ref 111

/C O P Y/

Box 13
Silverton, Colo.
June 2, 1951

Mr. W. M. Traver
U. S. Bureau of Mines
Bldg. 2 A D. Federal Center
Denver 14, Colo.

Dear Mr. Traver:

Pursuant to our telephone conversation of yesterday, I wish to say that we will be unable to match the sum which the Government will lean miners under the Exploratory program and we wish to leave our request for a lean under the Development program as it is now.

Thanking you for your interest in this matter, we are

Very truly yours,

GRAHAM MINES

By /s/ Orville F. Olsen, co-owner
Orville F. Olsen

OFO:m

/C O P Y/

Mining Division
Region IV

June 7, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division

Subject: DMA Docket 13, Graham Mine, Silverton, Colorado

Attached herewith is a copy of a memorandum on the above docket from W. M. Traver, Jr., and copy of a letter from Graham Mines stating that they would be unable to match funds for the exploration program.

Information available in the files of the Colorado Branch Office indicates that a loan could not be approved.

It is recommended that the Washington Office be informed of the inability of the applicant to match funds for exploration, and that they deny the loan.

F. T. Allsman

Attachment

WMM/el
cc-DMA files

Memo:-

To: DMHF Field Team, Region IV

From: Chief, Mining Div., Region IV

Subject:- O.M.M. Docket 13, Graham Mines, Silverton, Colo.

Attached herewith is copy of a memorandum on the above docket from Geo. M. Irons, Jr., and copy of a letter from Graham Mines stating that they would be unable to match funds for the exploration program.

Information available in the files of the Colorado Branch Office indicates that a loan could not be approved.

It is recommended that the Washington Office be informed of the inability of the applicant to match funds for exploration, and that they deny the loan.

P. T. H

MS-100. Serialization

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Building 2-A, Denver Federal Center

To: Chief, Mining Division, Region IV

Date: June 4, 1951

From: W. M. Traver, Jr.

Subject: DMA Docket 13, Graham Mines, Silverton, Colorado

Reference is made to the memorandum of April 16, 1951, on the above DMA docket.

I investigated the project while in Silverton obtaining contracts on other dockets May 25, 26, and 27, and found the situation as follows with regard to the questions in the memorandum mentioned in the first paragraph.

(1) The operators are unable financially to enter into a contract with the Government on a matching-funds fifty-fifty basis. This is substantiated by a copy of a letter attached over the signature of Orville F. Olsen, one of the co-owners.

(2) The 900-feet drift mentioned in the loan request is an extension of the present Kansas City tunnel which is now in approximately 135 feet.

(3) A road was built by San Juan County in the fall of 1950. According to the county Cat operator, James Baudino, a road 3/4 mile long was completed from the end of the present Grazing Service road Colorado-DARM-69 which was constructed during World War II to the dump of the Kansas City tunnel. It is passable only with 6 x 6 trucks and has one grade for a distance of about 60 feet of nearly 40 percent.

(4) The technical feasibility of the project cannot be determined without a field examination. This will probably be impossible before mid-July.

Information we have available on the Graham mine from our own investigations indicates that there is little possibility of a loan being recommended.

We will defer investigation of the Reconstruction Finance Corporation data, as suggested by Mr. Herres, until advised by you that development type loans are to receive consideration.

/s/ W. M. Traver, Jr.
W. M. Traver, Jr.

enclosure

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

REGIONAL DIRECTOR'S OFFICE
REGION IV
JUN 7 - 1951
BUREAU OF MINES
DENVER, COLORADO

June 7, 1951

Memorandum

To: DMA Field Team, Region IV

From: Chief, Mining Division

Subject: DMA Docket 13, Graham Mine, Silverton, Colorado

Attached herewith is a copy of a memorandum on the above docket from W. M. Traver, Jr., and copy of a letter from Graham Mines stating that they would be unable to match funds for the exploration program.

Information available in the files of the Colorado Branch Office indicates that a loan could not be approved.

It is recommended that the Washington Office be informed of the inability of the applicant to match funds for exploration, and that they deny the loan.

P. T. Allsman

P. T. Allsman

Attachment

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

Building 2-A, Denver Federal Center

Mining Division
Date Rec'd.
JUN 5 1951
BUREAU OF MINES
Denver, Colorado

TO : Chief, Mining Division, Region IV DATE: June 4, 1951

FROM : W. M. Traver, Jr.

SUBJECT: DMA Docket 13, Graham Mines, Silverton, Colorado

Reference is made to the memorandum of April 16, 1951, on the above DMA docket.

I investigated the project while in Silverton obtaining contracts on other dockets May 25, 26, and 27, and found the situation as follows with regard to the questions in the memorandum mentioned in the first paragraph.

(1) The operators are unable financially to enter into a contract with the Government on a matching-funds fifty-fifty basis. This is substantiated by a copy of a letter attached over the signature of Orville F. Olsen, one of the co-owners.

(2) The 900-foot drift mentioned in the loan request is an extension of the present Kansas City tunnel which is now in approximately 135 feet.

(3) A road was built by San Juan County in the fall of 1950. According to the county Cat operator, James Baudino, a road 3/4 mile long was completed from the end of the present Grazing Service road Colorado-DARM-69 which was constructed during World War II to the dump of the Kansas City tunnel. It is passable only with 6 x 6 trucks and has one grade for a distance of about 60 feet of nearly 40 percent.

(4) The technical feasibility of the project cannot be determined without a field examination. This will probably be impossible before mid-July.

Information we have available on the Graham mine from our own investigations indicates that there is little possibility of a loan being recommended.

We will defer investigation of the Reconstruction Finance Corporation data, as suggested by Mr. Herres, until advised by you that development type loans are to receive consideration.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosure

C
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Box 13
Silverton, Colo.
June 2, 1951

Mr. W. M. Traver
U. S. Bureau of Mines
Bldg. 2 A D. Federal Center
Denver 14, Colo.

Dear Mr. Traver:

Pursuant to our telephone conversation of yesterday, I wish to say that we will be unable to match the sum which the Government will loan miners under the Exploratory program and we wish to leave our request for a loan under the Development program as it is now.

Thanking you for your interest in this matter, we are

Very truly yours,

GRAHAM MINES

By /s/ Orville F. Olsen, co-owner
Orville F. Olsen

OFO:m

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WMT/dd

Building 2-A, Denver Federal Center

Chief, Mining Division, Region IV

June 4, 1951

Mining Division
Date Rec'd.
JUN 5 1951
BUREAU OF MINES
Denver, Colorado

W. M. Traver, Jr.

DMA Docket 13, Graham Mines, Silverton, Colorado

Reference is made to the memorandum of April 16, 1951, on the above DMA docket.

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Information we have available on the Graham mine from our own investigations indicates that there is little possibility of a loan being recommended.

We will defer investigation of the Reconstruction Finance Corporation data, as suggested by Mr. Herres, until advised by you that development type loans are to receive consideration.

W. M. Traver, Jr.

W. M. Traver, Jr.

enclosure

cc PTAllsman
DMA 13 (2)
DMA Chron.

C
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P
Y

Box 13
Silverton, Colo.
June 2, 1951

Mr. W. M. Traver
U. S. Bureau of Mines
Bldg. 2 A D. Federal Center
Denver 14, Colo.

Dear Mr. Traver:

Pursuant to our telephone conversation of yesterday, I wish to say that we will be unable to match the sum which the Government will loan miners under the Exploratory program and we wish to leave our request for a loan under the Development program as it is now.

Thanking you for your interest in this matter, we are

Very truly yours,

GRAHAM MINES

By /s/ Orville F. Olsen, co-owner
Orville F. Olsen

OFO:m

C
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Mining Division
Region IV

May 2, 1951

Memorandum

To: W. M. Traver

From: Chief, Mining Division

Subject: DMA Docket 13, Graham mines

Attached is a copy of a memorandum from Otto Herres, Chief, Lead-Zinc Branch, regarding the RFC report on the Graham mines. Also attached is a copy of a confidential letter concerning the Graham mines. A copy of the Field Team memorandum to me regarding the RFC report has already been furnished to you.

Please make arrangements to inspect the information in the Denver RFC office.

P. T. Allsman

Enclosures
/el
cc-DMA files
Allsman

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

April 24, 1951

Memorandum

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

From: Otto Herres, Chief, Lead-Zinc Branch

Subject: Graham Mines, DMA-13
Reconstruction Finance Corporation
Docket No. C-ND-7766 & No. ND-6107

In response to your request of April 6, the files on the above subject available at the Reconstruction Finance office have been reviewed. The docket consists of a detailed report by Elmer V. Reinhardt with attached drawings, photographs and a rather complete mimeographed report. This report, we have been advised, is also available at the Denver office of the Reconstruction Finance Corporation which address is:

Exchange Building
17 and Champa Street
Denver 2, Colorado

The Washington office of the R.F.C. did not permit removal of this file from their office, but permitted notes to be taken concerning the information which the file reveals.

There is attached a copy of a confidential letter concerning the Graham Mines which will give you a general report of R.F.C. investigations and conclusions.

We are attaching copy of a letter which has been written to the R.F.C. Washington office requesting them to ask the Denver office of the organization to permit you or anyone designated by you to study the file on the Graham Mine available at Denver.

Otto Herres

OTTO HERRES

Attachments
GEJOHNSON/mp
CC: Mr. Strobel
Mr. Herres
Mr. Mote
Mr. McKnight
Mr. Knarr, R.F.C.
Mr. Moon
Mr. Johnson
Original and 1 copy to Mr. J.H.East, Jr.
Reg. IV, New Customhouse Bldg.
Denver, Colorado
Files

C O P Y

RECONSTRUCTION FINANCE CORPORATION
238 Equitable Building
Denver, Colorado

CONFIDENTIAL

November 8, 1945

Mr. Rait, Chief Mining Section
Washington, D.C.

Re: Sam S. Graham
Original Docket No.
C-ND-7766 and ND-6107

Enclosed please find application in duplicate, together with report written by Supervising Engineer, Elmer V. Reinhardt, also in duplicate on the captioned project.

Mr. Graham received a preliminary development loan of $1,500 in 1942 and a second loan of the same character in amount of $3,500 in July, 1944 to make the Kansas City tunnel and workings above accessible for examination.

Mr. Graham now requests a loan of $30,000, $5,000 of which is to be used to repay C-ND-7766 and the remaining $25,000 to be used to continue the Kansas City tunnel. An additional 900 feet towards the south to get under a showing of high grade ore some 550 feet vertically above; to buy some $3,000 worth of equipment; and construct a jig-back train, compressor house and bunk house.

Mr. Graham is well known through his correspondence to the Washington office, as well as to the Denver office. He has presented his case for some 10 years to the R.F.C.

The cleaning out and opening up of the Kansas City tunnel was very discouraging, as it revealed a narrow vein with very low values in basic metals. The samples taken were mostly in the floor as the ore above the tunnel level had been mined out. It appears the ore above the level was much better grade than the ore now remaining in the floor. The sample in the face is not ore and it would be difficult to estimate how far one would have to drive before ore was encountered, if ever.

It appears the Kansas City tunnel is too low in elevation for the main oreshoot. If this tunnel was continued, it would eventually run into a fault which is plainly seen in one of the photographs which is attached to the application. After the tunnel had gone through the fault , some crosscutting would be necessary in order to pick up the other segment of the vein.

CONFIDENTIAL

CONF

In addition to this, the Kansas City tunnel was run with a wheelbarrow and single jack and a considerable amount of work must be done to get the tunnel down to grade and re-timber it, so it appears to me the most logical way to explore the vein would be to go approximately 100 feet above the Kansas City tunnel and between 100 and 200 feet to the left or southeast from the Kansas City and start a tunnel there. This tunnel would get you away from the fault area and pick up the vein at a much better horizon than in driving the Kansas City tunnel. This program was not suggested to Mr. Graham because it was felt this would come solely under the classification of prospecting, a purpose for which loans <u>are not</u> made.

There is no question in my mind but what there is some ore at higher elevations in the property and eventually someone will take this ore from the hill. Mr. Graham is a fine old gentleman but is not competent, nor does he have the physical ability to successfully extract this ore.

The program as set out in Mr. Graham's application would probably not produce any ore, and additional funds would be necessary to complete the program.

Because of the high altitude, the narrow, low grade, vein as exposed in the Kansas City tunnel, with the vein being cut off with a fault ahead of where the borrower wishes to drive his tunnel, and with management not competent, I concur, with Engineer Reinhardt, in his recommendation that a loan is not warranted.

Carl I. Dismaut

Engineer Examiner

CONFIDENTIAL

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

April 24, 1951

Subject: Docket DMA 13-Graham Mines
Reconstruction Finance
Corporation
Docket No. C-ND-7766
& ND-6107

Mr. Matthias W. Knarr
Assistant Secretary
Reconstruction Finance Corporation
Room 1161
Washington, D.C.

Dear Mr. Knarr:

This letter supplements the inspection of the above file by Gunnard E. Johnson of the Lead-Zinc Branch concerning the recent request of the U. S. Bureau of Mines, Region IV, office at Denver, Colorado.

Will you kindly arrange to have the Denver Branch of the Reconstruction Finance Corporation grant permission to Mr. J. H. East, Jr., Executive Officer, DMA Field Team, Region IV, U. S. Bureau of Mines at Denver or anyone designated by Mr. East for this purpose to inspect and study the Denver office file on the above mentioned subject.

This request is prompted by an application to DMA for a loan to develop these mining properties in the interest of national defense.

Yours very truly,

OTTO HERRES, Chief
Lead-Zinc Branch

Attachments

GEJOHNSON/mp
CC: Mr. Strobel
Mr. Herres
Mr. Mote
Mr. McKnight
2 copies to Mr. J. H. East, Jr. Region IV
Mr. Moon
Files
Mr. Johnson

Corrected Address for R.F.C.

Railway Exchange Building
17 and Champa Street
Denver 2, Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Mining Division
Date Rec'd.
MAY 1 1951
BUREAU OF MINES
Denver, Colorado

May 1, 1951

Memorandum

To: P. T. Allsman

A. H. Koschmann

From: DMA Field Team, Region IV

Subject: Graham Mines, DMA 13, Reconstruction Finance Corporation Docket No. C-ND-7766 & No. ND-6107

We are attaching a file received from Otto Herres, Chief of the Lead-Zinc Branch, regarding the Graham Mines, DMA 13, concerning an RFC report.

Please arrange with Carl Dismaut to inspect the information available in the office of the RFC.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachment

May 1, 1951

Memorandum

To: P. T. Allsman

A. H. Koschmann

From: DMA Field Team, Region IV

Subject: Graham Mines, DMA 13, Reconstruction Finance Corporation
Docket No. C-MO-7765 & No. MD-6107

We are attaching a file received from Otto Harres, Chief of the Lead-Zinc Branch, regarding the Graham Mines, DMA 13, concerning an RFC report.

Please arrange with Carl Dimmant to inspect the information available in the office of the RFC.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachment
JHE/el
cc-DMA files

True v

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

April 24, 1951

Memorandum

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

From: Otto Herres, Chief, Lead-Zinc Branch

Subject: Graham Mines, DMA-13
Reconstruction Finance Corporation
Docket No. C-ND-7766 & No. ND-6107

In response to your request of April 6, the files on the above subject available at the Reconstruction Finance office have been reviewed. The docket consists of a detailed report by Elmer V. Reinhardt with attached drawings, photographs and a rather complete mimeographed report. This report, we have been advised, is also available at the Denver office of the Reconstruction Finance Corporation which address is:

Exchange Building
17 and Champa Street
Denver 2, Colorado

The Washington office of the R.F.C. did not permit removal of this file from their office, but permitted notes to be taken concerning the information which the file reveals.

There is attached a copy of a confidential letter concerning the Graham Mines which will give you a general report of R.F.C. investigations and conclusions.

We are attaching copy of a letter which has been written to the R.F.C. Washington office requesting them to ask the Denver office of the organization to permit you or anyone designated by you to study the file on the Graham Mine available at Denver.

Otto Herres

OTTO HERRES

Attachments

ME

Mining Division
Region IV

April 16, 1951

Memorandum

To: W. M. Traver

From: Chief, Mining Division

Subject: DMA 13, Graham Mines, Silverton, Colorado. Kansas City and Berkeley Claims, Lyndon M. Mertz, Samuel S. Graham, and Orville F. Olsen, co-owners.

Herewith is the brochure on the above docket. It will be necessary for the examining engineer to determine (1) whether the operators are financially able and willing to enter into a contract with the government on a matching basis, 50 - 50 in this case; (2) where the proposed 900 foot drift is located; (3) whether the road is complete and, if not, what arrangement could be made to complete it; and (4) the technical feasibility of the project.

It is presumed that the physical investigation will have to await a time when the area is free from snow.

P. T. Allsman

Attachments
Copy of Field Team memo, April 9
MSRB 146, with fact sheet

PTA/ai
cc-DMA files

April 9, 1951

Memorandum

To: A. H. Koschmann

P. T. Allmann

From: DMA Field Team, Region IV

Subject: Docket DMA 13, Graham Mines, Silverton, Colorado

Attached is the original application of the Graham Mines, Docket DMA 13 and a copy of DMRS 146.

This report is being sent to Mr. Koschmann to check on whether there is a Burbank report on this property, after which he will submit the brochure to Mr. Allmann.

J. H. Eastman Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachments:
Lead-Zinc Branch memorandum, April 5 with original application
DMRS 146

JHE/el
cc-Koschmann
Allmann
DMA Files

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

REGIONAL DIRECTOR'S OFFICE
REGION IV
APR 9 - 1951
BUREAU OF MINES
DENVER, COLORADO

April 5, 1951

Air Mail

DMA file attached

Memorandum

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

From: Otto Herres, Chief, Lead-Zinc Branch

Subject: Graham Mines, DMA-13
Silverton, Colorado

Your memorandum to the Executive Secretary dated March 30 has been referred to me.

By searching the DMA Central Files I found the original application for Graham Mines and am enclosing two copies for your information.

Otto Herres
OTTO HERRES

Attachment - 2

JHE

GRAHAM MINES

1. Kansas City & Berkeley Claims previously operated by Samuel S. Graham, Silverton, Colorado.

2. A good number of shipments of high grade ore have been shipped in past years.

At present and for the past four years production has been at a standstill due to lack of transportation facilities.

There have been several leasers at different times and all have encountered highgrade silver, lead and zinc ore, which in the past was a mule pack transportation proposition.

3. The loan requested includes:

900 feet of drifting at estimated cost of $20 per foot - -	$18,000.00
Adequate compressor (315 cu.ft.) to furnish air for drills and mucker- -	7,500.00
Mucking machine, approximately- - - - - - - - - - - - - - - -	4,000.00
Buildings- -	2,500.00
Good used caterpillar dozer to maintain mine road- - - - -	4,000.00
Machines, hoses and small tools- - - - - - - - - - - - - - - -	2,000.00
Jeep Pick-up Truck- -	1,700.00
	$39,700.00

a. Maps - -

b. Track in approximately 130' and mine road finished.

c. Refer to Paragraph 3.

d. Four miners, one mechanic

e. No additional employees; good miners available.

f. Mill ore will be treated either at Shenandoah-Dives Mill at Silverton, Colo., or American Zinc & Lead, Ouray, Colo.
High grade ore will be shipped to U. S. Smelting & Refining Co., Midvale, Utah.
Milling ore must be trucked to above mentioned mills, e.g. Shenandoah-Dives, 7 miles; American Zinc & Lead, Ouray, 30 miles; and higher grade to railroad at Silverton, Colo., 6 miles.

g. A low estimate of forty tons per day during working season.

h. 100 working days.

i. Takes four-wheel drive vehicle to reach mine; new road soft.

j. Mine can operate at one-half present base metal price, provided silver price remains the same.

4. Vein has been uncovered in numerous places in slide rock.

a. & b. 30" to 36" high grade on true fissure vein showing to be three hundred ft. ore body on surface.

c. Any quantity of inferred ore reserves by engineers.

Estimate of ore reserves by engineers.

5. Either Bureau of Mines or R.F.C. Office has records of engineers' reports.

6. Both partners who will be actively engaged in the mining (Olsen & Mertz) have had 14 & 22 years' experience, respectively, and are physically capable of carrying out this program.

7. References -

For Orville F. Olsen - Mr. Fred Wise, Gen.Mgr. Idarado Mng.Co.,Ouray,Colo
Mr. Louis Dalla,County Commissioner, Silverton, "
Mr. Wm. L. Chase, Gen.Mgr.,Pride of West, " "

For Lyndon M. Mertz - Mr. Ed Ross, Mine Supt.,Homestake Mng.Co.,Lead,S.D.
Mr. C. W. Fleming, Mine Supt. Great Eastern Mng. Co., Silverton, Colo.
Mr. Wm. L. Chase, Gen.Mgr., Pride of West, Silverton, Colo.

8. No.

CO-OWNERS

Samuel S. Graham
Samuel S. Graham

Lyndon M. Mertz
Lyndon M. Mertz

Orville F. Olsen
Orville F. Olsen

C O P Y

LOAN AGENCY

of the

RECONSTRUCTION FINANCE CORPORATION
238 Equitable Bldg.
Denver, Colo.
October 15, 1945

Mr. Sam S. Graham
Silverton, Colorado

Re: Sam S. Graham
Docket No. C-ND-7766

Dear Mr. Graham

Enclosed please find three application blanks to be filled out and returned to this office in duplicate.

I am writing a report showing $30,000.00 to be spent in approximately the following manner:

To repay C-ND-7766	$ 5,000.00
To drive 900 ft. Drifting on Kansas City Vein	16,000.00
To construct a short jig back tramway	1,000.00
Equipment	3,000.00
Construction of buildings	2,000.00
Repair Kansas City Tunnel	1,000.00
Operating Fund to sustain the work while returns accrue from shipments	2,000.00
	$30,000.00

If you do not feel that this is correct, make out your application any way you choose and I will change my report to conform with your views.

Yours very truly,

/s/ Elmer V. Reinhardt
Supervising Engineer

encls.

February 5, 1951

Re: Docket DMA 13

Memorandum

To: Executive Officer of Field Team, Region IV

From: Lead-Zinc Branch, DMA

Subject: Docket DMA 13
Graham Mines
Silverton, Colorado

The attached documents should be made a part ofthe original application referred to the field team.

OTTO HERPES, Chief
Lead-Zinc Branch, DMA

Approved:
DMA Operating Committee

_____
Chairman

_____
J. H. Hedges

_____
Olaf N. Rove

ALBrokaw:jeh
G-2/5/51

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

April 6, 1951

Memorandum

To: Landon S. Strobel, Executive Secretary, Defense Minerals Administration

From: Executive Officer, DMA Field Team, Region IV

Subject: Docket DMA 13, Graham mines

A Mr. Olsen, one of the applicants for the loan on the Graham mines, called at the office today and showed us a letter from the Reconstruction Finance Corporation, dated October 15, 1945, referring to their application Docket No. C-ND-7766 for $30,000. The letter was signed by Elmer V. Rhinehart.

Please arrange to secure the information on this application now in the RFC files and forward it to us. It is understood that the tunnel of the mine has been caved and cannot be entered.

We have not yet received the original brochure on this application, requested in our letters of February 13 and March 30.

J. H. East, Jr.

J. H. East, Jr.

JHE/el
cc-DMA files

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

March 30, 1951

13

Mr. L. H. Hertz
Box 13
Silverton, Colorado

Dear Mr. Hertz:

This will acknowledge receipt of your letter dated March 28, 1951, stating that Mr. Olson and yourself are planning to be in Denver on April 6 regarding your application for government assistance on the Grohan mines.

We will be glad to see you at that time. If I am not in the city, please contact Mr. P. T. Allaman, Chief, Mining Division, 224 New Customhouse. Mr. A. H. Koschmann, the other member of the Field Team, may be contacted in Room 460 New Customhouse, Denver, Colorado.

Sincerely yours,

J. H. East, Jr.
Regional Director
Executive Officer, Field Team

JHE:lm

cc: AH Koschmann
PT Allaman

REGIONAL DIRECTOR'S
OFFICE
REGION IV
MAR 30 1951
BUREAU OF MINES
DENVER, COLORADO

Box 13
Silverton, Colorado
March 28, 1951

Mr. J. H. East, Jr.
Regional Director of Bureau of Mines
New Customs House
Denver, Colorado

Dear Mr. East:

Mr. Olsen and I, of the Graham Mines, are planning a trip to Denver on April 6th in regard to a pending loan through your Bureau.

Will it be convenient for you to see us on that date? If not, what date will you be free?

Very truly yours,

L. M. Mertz

gte

LMM:m

L. M. Mertz

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

March 30, 1951

Memorandum

To: Executive Secretary, DMA

From: Field Team, Region IV

Subject: Graham mines

We have on our list an application of the Graham mines in Colorado. We wrote the Operating Committee on February 13, 1951, requesting the original application and brochure covering this application; we have not as yet received them.

Will you please have this application and all available information forwarded to us. We have been advised, under date of March 28, that the applicants plan to be in Denver on April 6, and we would like to receive a copy of the application before they arrive.

J. H. East, Jr.

A. H. Koschmann

JHE:lm

cc: DMA Files
All Koschmann

13

Pending 2/20

February 13, 1951

Memorandum

To: Operating Committee, Defense Minerals Administration, Washington, D. C.

From: Field Team, DMA, Region IV

Subject: Docket DMA 13, Graham Mines, Silverton, Colorado

We have received a memorandum from the Chief of the Lead-Zinc Branch, dated February 5, with instructions that the accompanying three copies of MSHB-146 filed by the Graham Mines be made a part of the original application referred to the field team. The only information we have received regarding the Graham Mines is a copy of a letter, dated December 26, 1950, addressed to the Graham Mines and signed by the Chairman, Lead-Zinc Committee, DMA.

Will you please forward the original application.

J. H. East, Jr., by W. W. Williams

J. H. East, Jr.

Copy to Koschmann
Allsman
DMA files

A. H. Koschmann

A. H. Koschmann

February 5, 1951

Re: Docket DMA 13

Mr. Sam S. Graham
Graham Mines
P. O. Box 12
Silverton, Colorado

Dear Mr. Graham:

Your application (Docket DMA 13) 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,

S. V. Williston, Director
Supply Division
Defense Minerals Administration

ALBrokaw:jeh
G-2/5/51

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

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

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 13 1951
BUREAU OF MINES
DENVER, COLORADO

February 5, 1951

Re: Docket DMA 13

Memorandum

To: Executive Officer of Field Team, Region IV

From: Lead-Zinc Branch, DMA

Subject: Docket DMA 13
Graham Mines
Silverton, Colorado

The attached documents should be made a part of the original application referred to the field team.

Edwin T. McKnight
for OTTO HERRES, Chief
Lead-Zinc Branch, DMA

Approved:
DMA Operating Committee

C O Mitterdorf
Acting Chairman

J. H. Hedges
J. H. Hedges

Olaf N. Rove
Olaf N. Rove

February 5, 1951

Re: Docket DMA 13

Mr. Sam S. Graham
Graham Mines
P. O. Box 12
Silverton, Colorado

Dear Mr. Graham:

Your application (Docket DMA 13) 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,

S. H. Williston, Director
Supply Division
Defense Minerals Administration

ALBrokaw:jeh
G-2/5/51

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

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

MINERALS PRODUCTS OFFICE REGION IV JAN 2 - 1951 BUREAU OF MINES DENVER, COLORADO

December 26, 1950

Graham Mines
P. O. Box 13
Silverton, Colorado

In replying please refer to DMA Docket No. 13

Gentlemen:

Your application for a Government loan under provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Committee of the Defense Minerals Administration. Before your application can be considered further, certain additional information is required.

Enclosed are five copies of N.S.R.B. form 146, Application for Government Loan. Please supply the data requested and return four of these schedules to Dr. James Boyd, Administrator Defense Minerals Administration, Department of the Interior, Washington 25, D. C. The Bureau of Mines regional office in Denver, Colorado will be pleased to assist you in completing form 146 in case you have any questions regarding the information requested. A prompt return of this form will be appreciated.

Very truly yours

/s/
OTTO HERRES, Chairman
Lead-Zinc Committee, DMA

Enclosures 5

RHMote/km

Copy to: Chairman, Commodity Committee
Geological Survey - McKnight
R. H. Mote

2 copies to Executive Officer,
Regional Field Team, Region IV
Base Metals Branch
Files

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

REGIONAL DIRECTOR'S OFFICE REGION IV
JAN 2 - 1951
BUREAU OF MINES
DENVER, COLORADO

December 26, 1950

Graham Mines
P. O. Box 13
Silverton, Colorado

In replying please refer to DMA Docket No. 13

Gentlemen:

Your application for a Government loan under provisions of the Defense Production Act of 1950 has been reviewed by the Lead-Zinc Committee of the Defense Minerals Administration. Before your application can be considered further, certain additional information is required.

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Very truly yours

/s/ OTTO HERRES, Chairman
Lead-Zinc Committee, DMA

C

Enclosures 5

RHMote/km

Copy to: Chairman, Commodity Committee
Geological Survey - McKnight
R. H. Mote

2 copies to Executive Officer,
Regional Field Team, Region IV
Base Metals Branch
Files

Form 6-98

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

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

DMA-13

Form NSRB-146
(Nov. 1950)

UNITED STATES GOVERNMENT

APPLICATION FOR GOVERNMENT LOAN
UNDER SEC. 302 OF
DEFENSE PRODUCTION ACT OF 1950

FORM APPROVED
BUDGET BUREAU NO. 25-R002

AMOUNT OF LOAN REQUESTED: $39,700.00

TERMS OF LOAN REQUESTED: Cash

DATE OF APPLICATION: January 12, 1951.

NAME AND ADDRESS OF APPLICANT (Street, City, Zone, State)

DMA Docket No. 13.
Graham Mines,
P. O. Box 12,
Silverton, Colorado.

TO BE FILLED IN BY DELEGATE AGENCY

(DATE RECEIVED)

COMM.
AGRIC.
INT.
D.T.A.

FILE NO.

INSTRUCTIONS

Application should be filed with the Department of Commerce, Department of Agriculture, Department of Interior, or the Defense Transport Administration, whichever has the primary interest in the facilities, products, or processes involved. However, for convenience of the applicant, he may file with any government agency with which he has contract or other pertinent relationships and such agency will arrange for the transmittal of the application to the appropriate office.

Submit four (4) signed copies of the application. Name and address of applicant should be stamped or typed for identification of each sheet of the application and all accompanying papers. When a question is inapplicable, this should be so stated on the form. Additional sheets may be attached in answering any questions or in providing other supporting information.

1. PURPOSE OF LOAN

Give a brief general statement of the purpose of the loan requested, including in the table below estimated amounts for such major purposes as land acquisition, building construction, purchase of plant, purchase of equipment, working capital, repayment of debt, etc. Statement should make clear whether funds will be used for expansion of capacity, development of technological processes, or production of essential materials.

General Statement

The purpose of the loan requested is to develop and produce a heavy Lead, Zinc, Copper, ore that is opened in a surface drift in the outcrop of the Kansas City vein. Funds are needed to extend the present Kansas City tunnel by driving a drift following the vein to get depth in the ore body, and to deliver the ore to the mine dump for loading to trucks for shipment to a smelter or mill.

NATURE OF EXPENDITURE	AMOUNT
Loan funds will be used for -	
900 feet of drifting on vein at $20.00 per foot, estimated.	$18,000.00
Air Compressor (315 cu. ft. capacity) to supply air for drills and Mucking Machine, - - - - - - - - - - -	7,500.00
Mucking Machine - - - - - - - - - - - - - - - -	4,000.00
Buildings - - - - - - - - - - - - - - - - - -	2,500.00
Good used Bulldozer to maintain mine road - - - - -	4,000.00
Drilling Machines, air hose and small tools - - - -	2,000.00
Jeep Pickup Truck, 4 wheel drive, - - - - - - - -	1,700.00
Total amount applied for	$39,700.00

2. PROPOSED METHOD FOR REPAYMENT OF LOAN

State sources of funds, and proposed schedule of repayment

Source of funds for repayment of loan will be from the returns received from all shipments of ore to smelters or mills, ten percent (10%) of the net proceeds from each lot of ore shipped from the mine to be paid to the Loan Agency until the amount of loan is repaid.

3. NATURE OF BUSINESS AND DESCRIPTION OF PROJECT

Describe fully the business activity for which the funds are intended. In so doing, identify the materials and services to be produced, describe the facilities and processes involved, and explain in detail any research activity and the nature of the results expected. Attach blueprints and specifications, if available, and furnish other technical details to the extent that they are not covered elsewhere in the application.

Nature of the business is to mine and ship ore containing essential metals - Lead, Zinc, Copper, this is done by the usual method of drilling and blasting. All work thus far on this mine has been done by hand work. To make better progress an Air Compressor and drills are needed, also a Mucking Machine for fast clean up after blasting. All ore is shipped to a custom smelter or mill, according to the metal values contained.

All proposed work will be done in the Kansas City mining claim, U. S. Patent Number 18494, and the Berkeley claim (Kansas City extension) U. S. Survey Number 20732 - Patent applied for. These two claims cover a distance of 3,000 feet along the vein.

4. **Relationship to National Defense.** Explain carefully how the expenditure of the funds will contribute to national defense. As a part of such explanation, the following questions should be answered to the extent possible: The National Defense will be strengthened by every pound of Lead, Zinc and Copper produced by mines and so essential in the manufacturing of war machines.

(a) What evidence exists as to current shortages of the materials or services to be produced?

Both National and civil authorities emphasize that a critical shortage of these metals exists, and

(b) What evidence exists as to future shortages of the materials or services to be produced?

the preparations being made for the approaching World War 111 will require a much greater supply of metals to meet the demand for an unknown period of time in the future.

(c) Are such shortages, if any, regional or national in scope?

National.

(d) In what respects will the use of the funds aid directly in expediting the carrying out of government defense contracts? (A listing of defense contracts, if any, held by applicant is required in item 8 below.)

By producing as much metal as possible in the shortest time possible to supply manufacturers with the necessary materials to fulfill defense contracts.

4. Relationship to National Defense - Continued

(e) In what respects will the use of the funds aid indirectly in expediting the carrying out of government defense contracts or related operations?

By helping to create a stockpile of metals for use when needed.

(f) Are there available alternative methods or facilities to accomplish the same purpose as that for which these funds are intended? (For instance, unused capacity, possibility of multiple shift operations, idle facilities, readily convertible equipment, sub-contracting?) If answer is yes, explain why alternatives are not used.

No.

5. Maximum Designed Production

List separately materials or services identified in item 3 (a)	Unit of measure (b)	Maximum designed production with existing facilities (c)	Average percentage of maximum designed production used in quarter preceding filing of application (d)	Maximum designed production including use of funds applied for (e)
Lead				
Zinc				
Copper				
Contained in ore	Tons	3 to 5 tons per day by hand work.	not operating	40 tons per day with air compressor. (Minimum estimate)

6. Employment

(a) Number currently employed at location(s) where funds are to be used. (Use pay period ending nearest 15th of month preceding filing of application.)

Not operating.

(b) Maximum feasible employment with existing facilities.

(1) Single shift operation.

Not operating.

(2) Multiple shift operation (specify how many shifts).

Not operating.

(c) Estimated additional employees required by the use of the funds applied for.

Five men on each shift.

7. Timing

(a) On what date(s) are the requested funds needed?

Funds are needed immediately to purchase equipment and supplies - Compressor, air pipe, rails and small tools for operations. Such items may be in short supply later on.

(b) On what expected date(s) will applicant begin to use such funds and obtain output from the use of such funds? Wherever possible, give planned schedule of output.

Work will start as soon as snow conditions permit opening of road to mine, and delivery of portable compressor and other supplies to the mine,

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8. Output from the use of funds applied for will be for the following purposes:
   a. For the following principal prime defense contracts (if any) with the United States Government:

Date of contract (a)	Contracting Government Agency (b)	Program symbol (2 digits) or other contract identification (c)	Materials or services (d)	Delivery date(s) (e)	Amount *(Dollars)* (f)
Not applicable - No contracts.					

   b. For the following subcontracts (if any) with U.S. Government prime defense contractors:

Date of contract (a)	Materials or services (b)	Supplied to *(Give name and address of firm)* (c)	Delivery date(s) (d)	(e) Government agency receiving end product or services (f) Program symbol (2 digits) or other contract identification	Amount *(Dollars)* (g)
				(e) (f)	
				(e) (f)	
				(e) (f)	

   c. For the following classes or types of customers not covered by contracts listed above (list materials or services to be provided and, wherever possible, also indicate final product use):

9. **Feasibility**

(a) Estimate anticipated requirements for manpower, equipment, raw materials, energy, fuel, transportation facilities, water supply, housing, community facilities, and other factors of production, for (1) preparation of the facilities and (2) actual operation thereof. (The estimates may be limited to those factors of substantial significance to the preparation and operation of the facilities for which the funds are intended.)

Co-owners will personally work on the operations with other help available in the vicinity. All labor reside in town. Equipment will be portable type air compressor, powered by Diesel engine. Drilling machines and Mucker operated by compressed air. Transportation is by mine road and County highway, six miles to Silverton, connecting at that point with the Denver & Rio Grande Western R.R. gives access to mine.

(b) Silverton the County Seat of San Juan County has Post and Freight offices, local and long distance telephones, Electric service, water system. Western Colorado Power Co's electric power line, 17,000 volts, passes over Applicant's lower mining claims, making power available if needed.

(b) Discuss and evaluate the availability of each of the above factors in the area(s) where the funds will be used.

10. The following applications for necessity certificates for tax amortization (Under Section 124A of the Internal Revenue Code) for facilities at the location(s) covered by this application have been filed since January 1, 1950.

Date of application (a)	Government file number (b)	(Estimated) Total of facilities in dollars on each application (c)	(d) If final action has been taken, give date of	
			Issuance	Denial
None				

11. **Recent Efforts to Obtain Credit**

(a) Banks— List names and addresses of all Banks of Deposit of Applicant within the last 5 years: *(Mark with an asterisk (*) bank or banks in which deposits are now kept)*

No other efforts made to obtain credit.

No bank in Silverton.

11. **Recent Efforts to Obtain Credit** - Continued

(b) State efforts to obtain credit, within 60 days preceding date of application, from banks, the Reconstruction Finance Corporation, or other sources, results, and reasons if refused. (NOTE.- Section 302 of the Defense Production Act of 1950 states that a loan may be extended "only to the extent that it is not otherwise available on reasonable terms." Accordingly, Applicant should show that it has applied to each bank named in (a) above, or explain the reason for not doing so. The fact that a loan of the particular maturity and terms applied for is refused by a bank or banks is not sufficient to comply with the statute, if credit on reasonable terms is available. State whether a bank will participate in the loan, and if so, state name of bank and amount of participation. Full particulars must be given.) List the names and addresses of banks and other lending institutions to which applications for credit have been made, and in each case state date of application, amount of credit available, if any, maximum term for which credit is available, what consideration, if any, was given to possible guarantee of loan under Federal Reserve Regulation V, and reason for refusal or reason loan was not obtained. Indicate whether or not application was definitely refused for further credit on any basis.

None

12. What other forms of government financial assistance, if any, have been received or requested by the applicant in connection with the purposes of the loan herein applied for? If applicant plans to request such assistance in the future, give details.

None

13. **HISTORY, MANAGEMENT, LEASED AGREEMENTS, INSURANCE, ETC.**

These subjects should be fully covered in statements attached hereto. Outline past management experience or other basis for showing competence of the Applicant to perform in accordance with expressed purpose of the application. If plant was purchased, state price, form and terms of payment, date of purchase, from whom and under what circumstances purchase was made. If it is proposed to construct or acquire new facilities (including equipment), state estimated cost and basis of such estimate, form and terms of payment, and from whom purchases of facilities will be made. State whether Applicant, or the business or plant, has been in receivership, bankruptcy, Chapter X, XI or XII, in hands of creditors, committee, or whether Applicant has effected a compromise with creditors, and if so, discuss fully. Indicate whether business is conducted in leased premises and whether any facilities are leased from others and describe terms of any lease agreements. List type and amount of insurance carried on plant property. Describe briefly any pending or threatened litigation affecting Applicant.

See other side of this sheet for details.

13. History, Management, Leased Agreements, Insurance, etc.

Co-owners of mine O. F. Olsen and L. M. Mertz have 14 and 22 years mining experience, respectively, and are at present engaged in underground mining, Co-owner Sam S. Graham has 10 years service with The American Smelting & Refining Co., in responsible positions, and 20 years experience developing mining claims. All Co-owners are familiar with the details of the mining, milling and marketing of ores.

History, The Kansas City claim - U. S. Patent Number 18494, was acquired by Tax Deed from San Juan County, dated August 19, 1932, and recorded in Book 162, on page 199, in the County Clerk's office, The Berkeley claim was acquired by location on August 15, 1931, and recorded in Book 157, on page 468. Patent of this claim is now pending under U. S. Survey Number 20732.

See "Nature of Expenditures" on page 1 for list of equipment to be purchased from mining supply firms, at listed prices, terms cash.

Neither applicants nor the property has been in receivership, bankruptcy, in hands of creditors, or in any manner involved in any legal entanglements.

Property is owned by applicants and no facilities are leased.

No insurance is in effect now, but all new equipment and buildings will be insured when installed.

No litigation pending or threatened.

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14. NAMES AND ADDRESSES OF OFFICERS, DIRECTORS, OR PARTNERS, AND IN ADDITION THERETO, THE FIVE LARGEST STOCKHOLDERS IF A CORPORATION.

NAME AND ADDRESS (a)	Official title (If officer is also director indicate by "D") (b)	Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year (c)	Estimated net worth outside of Applicant (d)	Number of shares held in applicant		Life insurance carried for benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net cash surrender value after loans (h)
Project is not incorporated							
Sam S. Graham	Co-owner	none					
Orville F. Olsen	Co-owner	none					
Lyndon M. Mertz	Co-owner	none					
Silverton, Colorado.							
	Total		x x x x x			x x x	x x x

15. CAPITAL STOCK ISSUES

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par value (c)	Number of shares outstanding (d)	Dividend rate last paid (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

16. PURCHASE AND SALES RELATIONS WITH OTHERS

Does Applicant buy from, sell to, or use the services of, any concern or partnership in which an officer, director, large stockholder, or partner of the Applicant has a substantial interest? If not, so state. If so, give names of such officers, directors, stockholders, and partners, and names of such concerns or partnerships.

No.

Does any officer, director, large stockholder, or partner of Applicant receive any commission, bonus, or other payment in cash or services from any concern or partnership with which Applicant has business dealings? If not, so state. If so, give names of such officers, directors, stockholders, or partners and amounts of such commissions, bonuses, or payments.

No.

17. COMPENSATION SCHEDULE

INSTRUCTIONS: The schedule shall show the amount of compensation being paid to all employees of Applicant receiving compensation at a rate in excess of $10,000 per annum, including employees paid on a part-time basis where the rate of compensation exceeds $10,000 per annum computed on a full-time basis. If Applicant is a corporation, the schedule should show the compensation, regardless of amount, being paid to all officers, directors, and such stockholders as have an interest in Applicant's business of 10 percent or more. If Applicant is a partnership, the schedule should show the compensation being paid to, or being withdrawn by, all partners for their personal use. If Applicant is an individual, the schedule should show the amount being withdrawn by Applicant for his personal use. In each case the listed person's connection with the business should be indicated (i.e., whether an officer, director, stockholder, partner, owner, etc.). The calendar basis for the compensation should likewise be shown. Attorneys or firms of attorneys on a regular retainer or salary basis should be included. The schedule should include a separate notation indicating the source and amount of any compensation being paid by a company or firm directly or indirectly controlling, affiliated with, or controlled by, Applicant. If the space provided herein is insufficient, the schedule should be continued on the reverse side or appropriate continuation sheets should be attached.

No compensations or withdrawals on account of not operating,

17. **COMPENSATION SCHEDULE** - Continued

The term "compensation", as used herein and such schedule, shall include all salaries, fees, bonuses, commissions, retainers, regular drawing accounts, and other payments, direct or indirect, in money or otherwise, for personal services.

Name (a)	Position (b)	Compensation paid during previous fiscal year (c)	Present compensation (d)
None.			

18. **COLLATERAL**

(a) The applicant offers the following described collateral as security for repayment of the loan applied for.

Description (a)	Date acquired (b)	Cost (c)	Book Value (Net) (d)	Appraised* value (e)
Property now held:				
Kansas City lode mining claim U.S. Patent No. 18494	August 19, 1932			
Berkeley lode mining claim U.S. Survey No. 20732 (Patent applied for)	August 15, 1931			
To be acquired:				
All equipment to be purchased with Loan funds for use on the project.				

* This column need be filled in only if a recent appraisal has been made. If so, identify appraiser below.

Name (a)	Title (b)	Date (c)

(b) Describe existing liens, if any, on property listed above.

None.

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EXHIBIT A - CURRENT FINANCIAL STATEMENT

As of Not operating

(Date not more than 30 days prior to date of application)

ASSETS

CURRENT ASSETS	1. Cash		$
	2. Notes receivable	$	
	Less reserve for doubtful notes		
	3. Accounts receivable:		
	Current	$	
	Past due not over 4 months		
	Past due over 4 months	$	
	Less reserve for doubtful accounts		
	4. Inventories:		
	Raw materials	$	
	Work in process		
	Finished goods	$	
	Less reserve for inventory losses		
	5. Other current assets (describe)		
	TOTAL CURRENT ASSETS		$
FIXED AND OTHER ASSETS	6. Plant used in business:		
	Land	$	
	Buildings		
	7. Machinery		
	8. Equipment, furniture, and fixtures	$	
	Less reserve for depreciation		
	9. Investments—stocks and bonds		
	10. Investments in affiliated companies		
	11. Receivables due from affiliated companies		
	12. Real estate not used in business		
	13. Due from officers, directors, employees, stockholders		
	14. Deferred charges		
	15. Other assets		
	TOTAL ASSETS		$

LIABILITIES

CURRENT LIABILITIES	16. Notes payable (see schedule 1, page 10):		
	Banks	$	
	Trade creditors		
	Officers, stockholders, relatives		
	Insurance companies		$
	17. Accounts payable		
	18. Other current liabilities:		
	Delinquent taxes — Real estate	$	
	Delinquent taxes — Federal		
	Wages and salaries		
	Due officers		
	Accrued interest, rent, taxes, wages, etc		
	TOTAL CURRENT LIABILITIES		$
FIXED AND OTHER LIABILITIES	19. Machinery liens		
	20. Mortgage debts (see schedule 2, page 10)		
	21. Bonds or debentures (see schedule 2, page 10)		
	22. Other liabilities		
NET WORTH	23. Common stock (if Applicant is incorporated)	$	
	24. Preferred stock (if Applicant is incorporated)		
	25. Surplus (if Applicant is incorporated)		
	26. Capital and Surplus Account (if Applicant is partnership or individual)		
	TOTAL LIABILITIES		$ none
	27. Contingent liabilities (explain)		$ none

NOTE.— Submit copy of last available audit or of financial statement at close of last fiscal period (if such date differs from date of above statement).

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SCHEDULE I - Notes Payable (in detail)

Name and address	Maturity	Amount	State amount and character of collateral	Name of guarantor(s) and/or endorser(s)
None.				

SCHEDULE 2 - Mortgage Debt (real estate and/or chattels) or Bond Issue

Names and addresses of holders	Date of maturity	Interest rate	Unpaid principal amount	Date to which interest is paid
None.			$	
TOTAL	X X X X X X X	X X X X X X	$	X X X X X X X X X X X X X X X X

If mortgage secures a bond issue, state whether bonds are principally held by management and/or stockholders or by others, and attach copy of mortgage indenture.

EXHIBIT B - CONDENSED COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For years ended Not operating.
(Insert date of end of fiscal year)
(000.00 omitted)

	(Figures for 3 preceding years) 19	19	19	Current year as of date of Exhibit A
1. Net sales				
2. Cost of goods sold				
3. Gross profit on sales (line 1 minus line 2)				
4. Other income (itemize)				
5. Total (line 3 plus line 4)				
6. Salaries (officers or partners)*				
7. Selling and all other expenses				
8. Total of lines 6 and 7				
9. Profit or loss before depreciation and Federal taxes (line 5 minus line 8)				
10. Depreciation				
11. Federal Income and Excess Profits Taxes				
12. Net profit or loss (line 9 minus lines 10 and 11)				
ANALYSIS OF SURPLUS				
13. Total surplus at beginning of period				
14. Net profit or loss for period				
15. Line 13 plus line 14 if profit; line 13 minus line 14 if loss				
Add:				
16. Surplus paid in during period				
17. Surplus resulting from revaluation of assets				
18. Other additions to surplus (itemize)				
19. Total of lines 15 to 18, inclusive				
Deduct:				
20. Dividends				
21. Other charges to surplus (itemize)				
22. Total of lines 20 and 21				
23. Surplus at end of period (line 19 less line 22), MUST AGREE WITH SURPLUS AS SHOWN IN BALANCE SHEETS				

* To include all payments of any kind (commissions, bonuses, withdrawals) to officers or partners.

NOTE—If years included in the above tables are not adequately representative of applicant's financial experience, information may be submitted for additional years.

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EXHIBIT C - CONDENSED COMPARATIVE STATEMENT OF CONDITION

For years ended Not operating.
(Insert date of end of fiscal year)

(000.00 omitted. Use figures to nearest thousand. For instance, the figure $3,489.36 should be written as 3; the figure $3,689.36 should be written as 4)

ASSETS	(Figures for 3 preceding years) 19	19	19	Current year as of date of Exhibit A
CURRENT ASSETS:				
1. Cash				
2. Receivables (after deducting reserves)				
3. Inventories				
4. Other current assets:				
TOTAL CURRENT ASSETS				
FIXED AND OTHER ASSETS:				
5. Plant accounts (before depreciation):				
Machinery, equipment, etc.				
Delivery equipment				
Real estate and buildings used in business				
6. Other assets (as investments, real estate not used in business, etc.):				
TOTAL ASSETS				
LIABILITIES				
CURRENT LIABILITIES:				
8. Notes payable				
9. Accounts payable				
10. Accrued liabilities				
11. Other current liabilities:				
TOTAL CURRENT LIABILITIES				
FIXED AND OTHER LIABILITIES:				
12. Mortgage debts				
13. Debentures				
14. Other fixed liabilities:				
RESERVES:				
15. Reserve for depreciation				
16. Other reserves:				
NET WORTH:				
17. Common stock (issued) (if Applicant is incorporated)				
18. Preferred stock (issued) (if Applicant is incorporated)				
19. Surplus (if Applicant is incorporated)				
20. Capital and surplus account (if Applicant is partnership or individual)				
TOTAL LIABILITIES None.				

NOTE— If years included in the above table are not adequately representative of applicant's financial experience, condition statements may be submitted for additional years.

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EXHIBIT D

AGREEMENT AS TO COMPENSATION FOR SERVICES RENDERED OR TO BE RENDERED TO APPLICANT IN CONNECTION WITH APPLICATION AND/OR LOAN

To induce the United States Government and its agencies to make a loan under Sec. 302 of the Defense Production Act of 1950 to Graham Mines, P.O.Box 12, Silverton, Colorado. (hereinafter called "Applicant") and in consideration of the making of a loan to Applicant, the undersigned, having been retained by Applicant for the purpose of rendering professional or other services in connection with its application for a loan or loans, hereby represents, warrants, and agrees that the undersigned has not been paid, has not made any agreement with the Applicant to be paid, and has not procured any person to pay or agree to pay, and will not, directly or indirectly, charge or receive any bonus, fee, or commission in any form in connection with the said application for, or the obtaining of, the loan applied for by the Applicant, or any compensation in any form for services rendered or to be rendered in connection therewith except for the services and in the amounts stated below:

Name	Description of services	Amount paid	Amount to be paid
No legal or other outside assistance used in making this application for Loan.		$	$

To induce the making of the loan and the employment of the undersigned by Applicant, the undersigned hereby further warrants, covenants and agrees, upon the consideration herein specified, and in consideration of the employment of the undersigned by Applicant, as above recited, that if the amount of compensation stated above for any such services shall not be deemed reasonable by any agency of the United States Government, the undersigned will reduce the charge for such services to such amount as shall be deemed reasonable by such agency, and will not, directly or indirectly, charge or collect from the Applicant or any other person, any sum in excess of the amount so deemed reasonable; and that if the undersigned has heretofore collected, from the Applicant or any other person, as compensation for any such services, any amount deemed by such agency to be unreasonable, the undersigned will refund to Applicant or such other person such sums as are in excess of the amount deemed reasonable. The undersigned further warrants, covenants and agrees that if the amount of the compensation for any such services is not determinable at the date of application, or is not stated above, it will not collect or charge any sum as compensation for such services without the prior written approval of the Government agency with which this application is officially filed as to the nature of the services for which such compensation is to be paid and the amount of such compensation.

Witness: _____

Address of witness: _____

Dated _____, 19____

NOTE—Corporations must execute foregoing certificate in corporate name, by duly authorized officer, and seal must be affixed and duly attested; partnerships must execute in firm name, together with signature of a general partner. If no compensation is paid or to be paid for services rendered in connection with application or loan, this should be so stated and the Applicant should sign this Exhibit.

CERTIFICATION

The Applicant hereby certifies that the statements made in the foregoing application, and all exhibits and documents submitted in connection therewith, are true and correct statements to the best of Applicant's information and belief and are submitted as a basis for credit. The Applicant agrees to reimburse any agency of the United States Government upon demand for any expenses incurred in connection with or arising out of this application or any loan made pursuant hereto.

Dated January 12, 1951.

Witness: (For individual applicants)

_____ _____ (Signature)

Witness: (For partnership applicants)

Co-owners (Lyndon M. Merly (Orville F. Olsen) Graham Mines. (Full name of firm)

By Sam D. Graham, a general partner. (Signature)

(CORPORATE SEAL) (For corporate applicants)

_____ (Full corporate name of Applicant)

Attest: By _____ (Signature) (Title)

_____ (Signature) _____ (Title)

The United States Criminal Code, 18 U.S.C., Sec. 1001, makes it a criminal offense to make a willfully false statement or representation to any Department or Agency of the United States as to any matter within its jurisdiction.

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EXHIBIT D

AGREEMENT AS TO COMPENSATION FOR SERVICES RENDERED OR TO BE RENDERED TO APPLICANT IN CONNECTION WITH APPLICATION AND/OR LOAN

To induce the United States Government and its agencies to make a loan under Sec. 302 of the Defense Production Act of 1950 to Graham Mines, P.O.Box 12, Silverton, Colorado, (hereinafter called "Applicant") and in consideration of the making of a loan to Applicant, the undersigned, having been retained by Applicant for the purpose of rendering professional or other services in connection with its application for a loan or loans, hereby represents, warrants, and agrees that the undersigned has not been paid, has not made any agreement with the Applicant to be paid, and has not procured any person to pay or agree to pay, and will not, directly or indirectly, charge or receive any bonus, fee, or commission in any form in connection with the said application for, or the obtaining of, the loan applied for by the Applicant, or any compensation in any form for services rendered or to be rendered in connection therewith except for the services and in the amounts stated below:

Name	Description of services	Amount paid	Amount to be paid
No legal or other outside assistance used in making this application for Loan.		$	$

To induce the making of the loan and the employment of the undersigned by Applicant, the undersigned hereby further warrants, covenants and agrees, upon the consideration herein specified, and in consideration of the employment of the undersigned by Applicant, as above recited, that if the amount of compensation stated above for any such services shall not be deemed reasonable by any agency of the United States Government, the undersigned will reduce the charge for such services to such amount as shall be deemed reasonable by such agency, and will not, directly or indirectly, charge or collect from the Applicant or any other person, any sum in excess of the amount so deemed reasonable; and that if the undersigned has heretofore collected, from the Applicant or any other person, as compensation for any such services, any amount deemed by such agency to be unreasonable, the undersigned will refund to Applicant or such other person such sums as are in excess of the amount deemed reasonable. The undersigned further warrants, covenants and agrees that if the amount of the compensation for any such services is not determinable at the date of application, or is not stated above, it will not collect or charge any sum as compensation for such services without the prior written approval of the Government agency with which this application is officially filed as to the nature of the services for which such compensation is to be paid and the amount of such compensation.

Witness: _____

Address of witness: _____

Dated _____, 19____

NOTE—Corporations must execute foregoing certificate in corporate name, by duly authorized officer, and seal must be affixed and duly attested; partnerships must execute in firm name, together with signature of a general partner. If no compensation is paid or to be paid for services rendered in connection with application or loan, this should be so stated and the Applicant should sign this Exhibit.

CERTIFICATION

The Applicant hereby certifies that the statements made in the foregoing application, and all exhibits and documents submitted in connection therewith, are true and correct statements to the best of Applicant's information and belief and are submitted as a basis for credit. The Applicant agrees to reimburse any agency of the United States Government upon demand for any expenses incurred in connection with or arising out of this application or any loan made pursuant hereto.

Dated January 12, 1951.

Witness: _____ (For individual applicants)

_____ (Signature)

Witness: (For partnership applicants)

Co-owners (Lyndon M. Merz
(Orville F. Olson

Graham Mines.
(Full name of firm)

By Sam D. Graham, a general partner.
(Signature)

(For corporate applicants)

(CORPORATE SEAL)

_____ (Full corporate name of Applicant)

Attest: By _____ (Signature) (Title)

_____ (Signature) _____ (Title)

The United States Criminal Code, 18 U.S.C., Sec. 1001, makes it a criminal offense to make a willfully false statement or representation to any Department or Agency of the United States as to any matter within its jurisdiction.

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2. **PROPOSED METHOD FOR REPAYMENT OF LOAN**

State sources of funds, and proposed schedule of repayment

Source of funds for repayment of loan will be from the returns received from all shipments of ore to smelters or mills, ten percent (10%) of the net proceeds from each lot of ore shipped from the mine to be paid to the Loan Agency until the amount of loan is repaid.

3. **NATURE OF BUSINESS AND DESCRIPTION OF PROJECT**

Describe fully the business activity for which the funds are intended. In so doing, identify the materials and services to be produced, describe the facilities and processes involved, and explain in detail any research activity and the nature of the results expected. Attach blueprints and specifications, if available, and furnish other technical details to the extent that they are not covered elsewhere in the application.

Nature of the business is to mine and ship ore containing essential metals - Lead, Zinc, Copper, this is done by the usual method of drilling and blasting. All work thus far on this mine has been done by hand work. To make better progress an Air Compressor and drills are needed, also a Mucking Machine for fast clean up after blasting. All ore is shipped to a custom smelter or mill, according to the metal values contained.

All proposed work will be done in the Kansas City mining claim, U. S. Patent Number 18494, and the Berkeley claim (Kansas City extension) U. S. Survey Number 20732 - Patent applied for. These two claims cover a distance of 3,000 feet along the vein.

4. **Relationship to National Defense.** Explain carefully how the expenditure of the funds will contribute to national defense. As a part of such explanation, the following questions should be answered to the extent possible: The National Defense will be strengthened by every pound of Lead, Zinc and Copper produced by mines and so essential in the manufacturing of war machines.

(a) What evidence exists as to current shortages of the materials or services to be produced?

Both National and civil authorities emphasize that a critical shortage of these metals exists, and

(b) What evidence exists as to future shortages of the materials or services to be produced?

the preparations being made for the approaching World War 111 will require a much greater supply of metals to meet the demand for an unknown period of time in the future.

(c) Are such shortages, if any, regional or national in scope?

National.

(d) In what respects will the use of the funds aid directly in expediting the carrying out of government defense contracts? (A listing of defense contracts, if any, held by applicant is required in item 8 below.)

By producing as much metal as possible in the shortest time possible to supply manufacturers with the necessary materials to fulfill defense contracts.

4. Relationship to National Defense - Continued

(e) In what respects will the use of the funds aid indirectly in expediting the carrying out of government defense contracts or related operations?

By helping to create a stockpile of metals for use when needed.

(f) Are there available alternative methods or facilities to accomplish the same purpose as that for which these funds are intended? (For instance, unused capacity, possibility of multiple shift operations, idle facilities, readily convertible equipment, sub-contracting?) If answer is yes, explain why alternatives are not used.

No.

5. Maximum Designed Production

List separately materials or services identified in item 3 (a)	Unit of measure (b)	Maximum designed production with existing facilities (c)	Average percentage of maximum designed production used in quarter preceding filing of application (d)	Maximum designed production including use of funds applied for (e)
Lead				
Zinc				
Copper				
Contained in ore	Tons	3 to 5 tons per day by hand work	not operating	40 tons per day with air compressor. (Minimum estimate)

6. Employment

(a) Number currently employed at location(s) where funds are to be used. (Use pay period ending nearest 15th of month preceding filing of application.)

Not operating.

(b) Maximum feasible employment with existing facilities.
(1) Single shift operation.

Not operating.

(2) Multiple shift operation (specify how many shifts).

Not operating.

(c) Estimated additional employees required by the use of the funds applied for.

Five men on each shift.

7. Timing

(a) On what date(s) are the requested funds needed?

Funds are needed immediately to purchase equipment and supplies - Compressor, air pipe, rails and small tools for operations. Such items may be in short supply later on.

(b) On what expected date(s) will applicant begin to use such funds and obtain output from the use of such funds? Wherever possible, give planned schedule of output.

Work will start as soon as snow conditions permit opening of road to mine, and delivery of portable compressor and other supplies to the mine.

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8. Output from the use of funds applied for will be for the following purposes:
   a. For the following principal prime defense contracts (if any) with the United States Government:

Date of contract (a)	Contracting Government Agency (b)	Program symbol (2 digits) or other contract identification (c)	Materials or services (d)	Delivery date(s) (e)	Amount *(Dollars)* (f)
Not applicable - No contracts.					

   b. For the following subcontracts (if any) with U.S. Government prime defense contractors:

Date of contract (a)	Materials or services (b)	Supplied to *(Give name and address of firm)* (c)	Delivery date(s) (d)	(e) Government agency receiving end product or services (f) Program symbol (2 digits) or other contract identification	Amount *(Dollars)* (g)
				(e) (f)	
				(e) (f)	
				(e) (f)	

   c. For the following classes or types of customers not covered by contracts listed above (list materials or services to be provided and, wherever possible, also indicate final product use):

9. **Feasibility**

(a) Estimate anticipated requirements for manpower, equipment, raw materials, energy, fuel, transportation facilities, water supply, housing, community facilities, and other factors of production, for (1) preparation of the facilities and (2) actual operation thereof. (The estimates may be limited to those factors of substantial significance to the preparation and operation of the facilities for which the funds are intended.)

Co-owners will personally work on the operations with other help available in the vicinity. All labor reside in town. Equipment will be portable type air compressor, powered by Diesel engine. Drilling machines and Mucker operated by compressed air. Transportation is by mine road and County highway, six miles to Silverton, connecting at that point with the Denver & Rio Grande Western R.R. gives access to the mine.

(b) Silverton the County Seat of San Juan County has Post and Freight offices, local and long distance telephones, Electric service, water system. Western Colorado Power Co's electric power line, 17,000 volts, passes over Applicant's lower mining claims, making power available if needed.

(b) Discuss and evaluate the availability of each of the above factors in the area(s) where the funds will be used.

10. The following applications for necessity certificates for tax amortization (Under Section 124A of the Internal Revenue Code) for facilities at the location(s) covered by this application have been filed since January 1, 1950.

Date of application (a)	Government file number (b)	(Estimated) Total of facilities in dollars on each application (c)	(d) If final action has been taken, give date of	
			Issuance	Denial
None.				

11. **Recent Efforts to Obtain Credit**

(a) Banks— List names and addresses of all Banks of Deposit of Applicant within the last 5 years: *(Mark with an asterisk (*) bank or banks in which deposits are now kept)*

No other efforts made to obtain credit.

No bank in Silverton.

11. **Recent Efforts to Obtain Credit** - Continued

(b) State efforts to obtain credit, within 60 days preceding date of application, from banks, the Reconstruction Finance Corporation, or other sources, results, and reasons if refused. (NOTE.- Section 302 of the Defense Production Act of 1950 states that a loan may be extended "only to the extent that it is not otherwise available on reasonable terms." Accordingly, Applicant should show that it has applied to each bank named in (a) above, or explain the reason for not doing so. The fact that a loan of the particular maturity and terms applied for is refused by a bank or banks is not sufficient to comply with the statute, if credit on reasonable terms is available. State whether a bank will participate in the loan, and if so, state name of bank and amount of participation. Full particulars must be given.) List the names and addresses of banks and other lending institutions to which applications for credit have been made, and in each case state date of application, amount of credit available, if any, maximum term for which credit is available, what consideration, if any, was given to possible guarantee of loan under Federal Reserve Regulation V, and reason for refusal or reason loan was not obtained. Indicate whether or not application was definitely refused for further credit on any basis.

None.

12. What other forms of government financial assistance, if any, have been received or requested by the applicant in connection with the purposes of the loan herein applied for? If applicant plans to request such assistance in the future, give details.

None.

13. **HISTORY, MANAGEMENT, LEASED AGREEMENTS, INSURANCE, ETC.**

These subjects should be fully covered in statements attached hereto. Outline past management experience or other basis for showing competence of the Applicant to perform in accordance with expressed purpose of the application. If plant was purchased, state price, form and terms of payment, date of purchase, from whom and under what circumstances purchase was made. If it is proposed to construct or acquire new facilities (including equipment), state estimated cost and basis of such estimate, form and terms of payment, and from whom purchases of facilities will be made. State whether Applicant, or the business or plant, has been in receivership, bankruptcy, Chapter X, XI or XII, in hands of creditors, committee, or whether Applicant has effected a compromise with creditors, and if so, discuss fully. Indicate whether business is conducted in leased premises and whether any facilities are leased from others and describe terms of any lease agreements. List type and amount of insurance carried on plant property. Describe briefly any pending or threatened litigation affecting Applicant.

See other side of this sheet for details.

13. History, Management, Leased Agreements, Insurance, etc.,

Co-owners of mine O. F. Olsen and L. M. Mertz have 14 and 22 years mining experience, respectively, and are at present engaged in underground-mining. Co-owner Sam S. Graham has 10 years service with The American Smelting & Refining Co. in responsible positions and 20 years experience developing mining claims. All Co-owners are familiar with the details of the mining, milling and marketing of ores.

History, The Kansas City claim - U. S. Patent Number 18494, was acquired by Tax Deed from San Juan County, dated August 19, 1932, and recorded in Book 162, on page 199, in the County Clerk's office. The Berkeley claim was acquired by location on August 15, 1931, and recorded in Book 157, on page 468. Patent of this claim is now pending under U. S. Survey Number 20732.

See "Nature of Expenditures" on page 1 for list of equipment to be purchased from mining supply firms, at listed prices, terms cash.

Neither applicants nor the property has been in receivership, bankruptcy, in hands of creditors, or in any manner involved in any legal entanglements.

Property is owned by applicants and no facilities are leased.

No insurance is in effect now, but all new equipment and buildings will be insured when installed.

No litigation pending or threatened.

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14. NAMES AND ADDRESSES OF OFFICERS, DIRECTORS, OR PARTNERS, AND IN ADDITION THERETO, THE FIVE LARGEST STOCKHOLDERS IF A CORPORATION.

NAME AND ADDRESS (a)	Official title (If officer is also director indicate by "D") (b)	Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year (c)	Estimated net worth outside of Applicant (d)	Number of shares held in applicant: Common (e)	Number of shares held in applicant: Preferred (f)	Life insurance carried for benefit of Applicant: Amount (g)	Life insurance carried for benefit of Applicant: Net cash surrender value after loans (h)
Project is not incorporated.							
Sam S. Graham	Co-owner	none					
Orville F. Olsen	Co-owner	none					
Lyndon M. Mertz	Co-owner	none					
Silverton, Colorado.							
	Total		x x x x x			x x x	x x x

15. CAPITAL STOCK ISSUES

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par value (c)	Number of shares outstanding (d)	Dividend rate last paid (e)
Common stock	$	$	$		
Preferred stock	$	$	$		

16. PURCHASE AND SALES RELATIONS WITH OTHERS

Does Applicant buy from, sell to, or use the services of, any concern or partnership in which an officer, director, large stockholder, or partner of the Applicant has a substantial interest? If not, so state. If so, give names of such officers, directors, stockholders, and partners, and names of such concerns or partnerships.

No.

Does any officer, director, large stockholder, or partner of Applicant receive any commission, bonus, or other payment in cash or services from any concern or partnership with which Applicant has business dealings? If not, so state. If so, give names of such officers, directors, stockholders, or partners and amounts of such commissions, bonuses, or payments.

No.

17. COMPENSATION SCHEDULE

INSTRUCTIONS: The schedule shall show the amount of compensation being paid to all employees of Applicant receiving compensation at a rate in excess of $10,000 per annum, including employees paid on a part-time basis where the rate of compensation exceeds $10,000 per annum computed on a full-time basis. If Applicant is a corporation, the schedule should show the compensation, regardless of amount, being paid to all officers, directors, and such stockholders as have an interest in Applicant's business of 10 percent or more. If Applicant is a partnership, the schedule should show the compensation being paid to, or being withdrawn by, all partners for their personal use. If Applicant is an individual, the schedule should show the amount being withdrawn by Applicant for his personal use. In each case the listed person's connection with the business should be indicated (i.e., whether an officer, director, stockholder, partner, owner, etc.). The calendar basis for the compensation should likewise be shown. Attorneys or firms of attorneys on a regular retainer or salary basis should be included. The schedule should include a separate notation indicating the source and amount of any compensation being paid by a company or firm directly or indirectly controlling, affiliated with, or controlled by, Applicant. If the space provided herein is insufficient, the schedule should be continued on the reverse side or appropriate continuation sheets should be attached.

No compensations or withdrawals on account of not operating.

17. **COMPENSATION SCHEDULE** - Continued
The term "compensation", as used herein and such schedule, shall include all salaries, fees, bonuses, commissions, retainers, regular drawing accounts, and other payments, direct or indirect, in money or otherwise, for personal services.

Name (a)	Position (b)	Compensation paid during previous fiscal year (c)	Present compensation (d)
None.			

18. **COLLATERAL**
(a) The applicant offers the following described collateral as security for repayment of the loan applied for.

Description (a)	Date acquired (b)	Cost (c)	Book Value (Net) (d)	Appraised* value (e)
Property now held:				
Kansas City lode mining claim U. S. Patent No. 18494	August 19, 1932			
Berkeley lode mining claim U. S. Survey No. 20732 (Patent applied for)	August 15, 1931			
To be acquired:				
All equipment to be purchased with Loan funds for use on the project.				

* This column need be filled in only if a recent appraisal has been made. If so, identify appraiser below.

Name (a)	Title (b)	Date (c)

(b) Describe existing liens, if any, on property listed above.

None.

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EXHIBIT A - CURRENT FINANCIAL STATEMENT

As of Not operating

(Date not more than 30 days prior to date of application)

ASSETS

CURRENT ASSETS	1. Cash		$
	2. Notes receivable	$	
	Less reserve for doubtful notes		
	3. Accounts receivable:		
	Current	$	
	Past due not over 4 months		
	Past due over 4 months	$	
	Less reserve for doubtful accounts		
	4. Inventories:		
	Raw materials	$	
	Work in process		
	Finished goods	$	
	Less reserve for inventory losses		
	5. Other current assets (describe)		
	TOTAL CURRENT ASSETS		$
FIXED AND OTHER ASSETS	6. Plant used in business:		
	Land	$	
	Buildings		
	7. Machinery		
	8. Equipment, furniture, and fixtures	$	
	Less reserve for depreciation		
	9. Investments—stocks and bonds		
	10. Investments in affiliated companies		
	11. Receivables due from affiliated companies		
	12. Real estate not used in business		
	13. Due from officers, directors, employees, stockholders		
	14. Deferred charges		
	15. Other assets		
	TOTAL ASSETS		$

LIABILITIES

CURRENT LIABILITIES	16. Notes payable (see schedule 1, page 10):		
	Banks	$	
	Trade creditors		
	Officers, stockholders, relatives		
	Insurance companies		$
	17. Accounts payable		
	18. Other current liabilities:		
	Delinquent taxes — Real estate	$	
	Delinquent taxes — Federal		
	Wages and salaries		
	Due officers		
	Accrued interest, rent, taxes, wages, etc		
	TOTAL CURRENT LIABILITIES		$
FIXED AND OTHER LIABILITIES	19. Machinery liens		
	20. Mortgage debts (see schedule 2, page 10)		
	21. Bonds or debentures (see schedule 2, page 10)		
	22. Other liabilities		
NET WORTH	23. Common stock (if Applicant is incorporated)	$	
	24. Preferred stock (if Applicant is incorporated)		
	25. Surplus (if Applicant is incorporated)		
	26. Capital and Surplus Account (if Applicant is partnership or individual)		
	TOTAL LIABILITIES		$ None
	27. Contingent liabilities (explain)		$ None

NOTE.- Submit copy of last available audit or of financial statement at close of last fiscal period (if such date differs from date of above statement).

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SCHEDULE I - Notes Payable (in detail)

Name and address	Maturity	Amount	State amount and character of collateral	Name of guarantor(s) and/or endorser(s)
None.				

SCHEDULE 2 - Mortgage Debt (real estate and/or chattels) or Bond Issue

Names and addresses of holders	Date of maturity	Interest rate	Unpaid principal amount	Date to which interest is paid
None.			$	
TOTAL	X X X X X X X	X X X X X X	$	X X X X X X X X X X X X X X X X

If mortgage secures a bond issue, state whether bonds are principally held by management and/or stockholders or by others, and attach copy of mortgage indenture.

EXHIBIT B - CONDENSED COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For years ended Not operating.
(Insert date of end of fiscal year)
(000.00 omitted)

	(Figures for 3 preceding years)			Current year as of date of Exhibit A
	19	19	19	
1. Net sales				
2. Cost of goods sold				
3. Gross profit on sales (line 1 minus line 2)				
4. Other income (itemize)				
5. Total (line 3 plus line 4)				
6. Salaries (officers or partners)*				
7. Selling and all other expenses				
8. Total of lines 6 and 7				
9. Profit or loss before depreciation and Federal taxes (line 5 minus line 8)				
10. Depreciation				
11. Federal Income and Excess Profits Taxes				
12. Net profit or loss (line 9 minus lines 10 and 11)				
ANALYSIS OF SURPLUS				
13. Total surplus at beginning of period				
14. Net profit or loss for period				
15. Line 13 plus line 14 if profit; line 13 minus line 14 if loss				
Add:				
16. Surplus paid in during period				
17. Surplus resulting from revaluation of assets				
18. Other additions to surplus (itemize)				
19. Total of lines 15 to 18, inclusive				
Deduct:				
20. Dividends				
21. Other charges to surplus (itemize)				
22. Total of lines 20 and 21				
23. Surplus at end of period (line 19 less line 22), MUST AGREE WITH SURPLUS AS SHOWN IN BALANCE SHEETS				

* To include all payments of any kind (commissions, bonuses, withdrawals) to officers or partners.

NOTE—If years included in the above tables are not adequately representative of applicant's financial experience, information may be submitted for additional years.

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EXHIBIT C - CONDENSED COMPARATIVE STATEMENT OF CONDITION

For years ended Not operating.

(Insert date of end of fiscal year)

(000.00 omitted. Use figures to nearest thousand. For instance, the figure $3,489.36 should be written as 3; the figure $3,689.36 should be written as 4)

ASSETS	(Figures for 3 preceding years) 19	19	19	Current year as of date of Exhibit A
CURRENT ASSETS:				
1. Cash				
2. Receivables (after deducting reserves)				
3. Inventories				
4. Other current assets:				
TOTAL CURRENT ASSETS				
FIXED AND OTHER ASSETS:				
5. Plant accounts (before depreciation):				
Machinery, equipment, etc.				
Delivery equipment				
Real estate and buildings used in business				
6. Other assets (as investments, real estate not used in business, etc.):				
TOTAL ASSETS				
LIABILITIES				
CURRENT LIABILITIES:				
8. Notes payable				
9. Accounts payable				
10. Accrued liabilities				
11. Other current liabilities:				
TOTAL CURRENT LIABILITIES				
FIXED AND OTHER LIABILITIES:				
12. Mortgage debts				
13. Debentures				
14. Other fixed liabilities:				
RESERVES:				
15. Reserve for depreciation				
16. Other reserves:				
NET WORTH:				
17. Common stock (issued) (if Applicant is incorporated)				
18. Preferred stock (issued) (if Applicant is incorporated)				
19. Surplus (if Applicant is incorporated)				
20. Capital and surplus account (if Applicant is partnership or individual)				
TOTAL LIABILITIES None.				

NOTE— If years included in the above table are not adequately representative of applicant's financial experience, condition statements may be submitted for additional years.

DMA-13

Form NSRB-146
(Nov. 1950)

UNITED STATES GOVERNMENT

APPLICATION FOR GOVERNMENT LOAN
UNDER SEC. 302 OF
DEFENSE PRODUCTION ACT OF 1950

FORM APPROVED
BUDGET BUREAU NO. 25-R002

AMOUNT OF LOAN REQUESTED $39,700.00

TERMS OF LOAN REQUESTED Cash

DATE OF APPLICATION January 12, 1951

NAME AND ADDRESS OF APPLICANT. *(Street, City, Zone, State)*

DMA Docket No. 13.
Graham Mines,
P. O. Box 12,
Silverton, Colorado.

TO BE FILLED IN BY DELEGATE AGENCY

(DATE RECEIVED)

COMM.
AGRIC.
INT.
D.T.A.

FILE NO.

INSTRUCTIONS

Application should be filed with the Department of Commerce, Department of Agriculture, Department of Interior, or the Defense Transport Administration, whichever has the primary interest in the facilities, products, or processes involved. However, for convenience of the applicant, he may file with any government agency with which he has contract or other pertinent relationships and such agency will arrange for the transmittal of the application to the appropriate office.

Submit four (4) signed copies of the application. Name and address of applicant should be stamped or typed for identification of each sheet of the application and all accompanying papers. When a question is inapplicable, this should be so stated on the form. Additional sheets may be attached in answering any questions or in providing other supporting information.

1. PURPOSE OF LOAN

Give a brief general statement of the purpose of the loan requested, including in the table below estimated amounts for such major purposes as land acquisition, building construction, purchase of plant, purchase of equipment, working capital, repayment of debt, etc. Statement should make clear whether funds will be used for expansion of capacity, development of technological processes, or production of essential materials.

General Statement

The purpose of the loan requested is to develop and produce a heavy Lead, Zinc, Copper ore that is opened in a surface drift in the outcrop of the Kansas City vein. Funds are needed to extend the present Kansas City tunnel by driving a drift following the vein to get depth in the ore body, and to deliver the ore to the mine dump for loading to trucks for shipment to a smelter or mill.

NATURE OF EXPENDITURE	AMOUNT
Loan funds will be used for -	
900 feet of drifting on vein at $20,00 per foot, estimated	$18,000.00
Air Compressor (315 cu. ft. capacity) to supply air for drills and Mucking Machine - - - - - - - - - - -	7,500.00
Mucking Machine, approximately - - - - - - - - -	4,000.00
Buildings, - - - - - - - - - - - - - - - - - -	2,500.00
Good used Bulldozer to maintain mine road - - - - -	4,000.00
Drilling Machines, air hose and small tools - - - -	2,000.00
Jeep Pickup Truck, 4 wheel drive,- - - - - - - - -	1,700.00
Total amount applied for	$ 39,700.00