Re: DMA-602

REGIONAL DIRECTOR'S OFFICE
REGION IV
JUL 18 1951
BUREAU OF MINES
DENVER, COLORADO

Johnston Mining Company
Jonanza Route
Ville Greve, Colorado

DMA

Gentlemen:

The Lead-Zinc Branch of the Defense Minerals Administration has reviewed your application for a loan to explore the Little Jenny and Brighton claims in Saguache County, Colorado.

Your answer to item 9 of form MF-103, relating to the amount of money the applicant is prepared to contribute, would indicate that your share of the project would be in the form of money which you have already invested in the property. As stated in section 13 of Form MO-5, a copy of which was sent you, no credit toward an exploration loan can be given for work performed or costs incurred before the date of the contract.

In view of the above, we regret that we cannot approve the expenditure of Government funds for the project you propose.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

EJLyons:emp
G 7-11-51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Branch
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

Posted

COOM

July 11, 1951

Memorandum

Re: DsA-642

REGIONAL DIRECTOR'S OFFICE
REGION IV
JUL 18 1951
BUREAU OF MINES
DENVER, COLORADO

To: Reports and Records Unit
Administrative Management Division

From: Chief, Lead-Zinc Branch, D.M.A.

Subject: Recommendation for denial of application DsA-642

Attached is the application for a loan submitted by the Johnston Mining Company of Villa Grove, Colorado, to explore the Little Jenny and Brighton claims in Saguache County, Colorado.

Also attached is "Review of Application for Exploration Assistance" recommending the above action (see recommendation at end of the review).

Otto Herres

Approved:

Tom Lyon
Director, Supply Division

Otto Herres, Chief
Lead-Zinc Branch

Attachments

om Lyon

EJLyons:emp
G 7-11-51

Copies to: J. H. East, Jr. Region IV (2)
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E. T. McKnight 4204 GSA
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Files

WOM

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

APR 12 1951

Mr. L. G. Johnston
Johnston Mining Company
Bonanza Route
Villa Grove, Colorado

In reply please
refer to DMA-692

Dear Mr. Johnston:

One of the purposes of the Defense Production Act of 1950 is the encouragement of exploration, development and mining of strategic minerals and metals. Where an applicant has proven reserves of strategic materials, Federal aid in mining can be given through procurement contracts for such materials as are in short supply. On the strength of these contracts, the applicant can obtain private financing in most instances.

The program recently approved for encouragement of exploration of strategic materials calls for participation on the part of the applicant. For zinc, lead and copper deposits it will be necessary to match Government funds on an equal basis. Funds advanced by the Government will be considered a loan, to be repaid if the exploration is profitable, but to be canceled if unsuccessful. The details of the plan, explaining the projects that will be eligible for assistance, the terms and schedules of financing, repayment, and other pertinent information, are enclosed.

A review of your application (DMA-692) for financial aid in exploring the Little Jennie and Brighton Veins of your Foster group in Saguache County, Colorado indicates that your proposal may be considered under this exploration program. Details concerning expenditures that will be considered chargeable to exploration aid will be subject to a final determination by negotiation, but as a preliminary appraisal, we believe that the program will apply to the estimated $75,000 which you propose to use in purchasing equipment and cross cutting to the Little Jennie and Brighton veins.

Before we can proceed further with consideration of your application, which may or may not require a field examination, please indicate your willingness to provide your share of the funds needed to carry out the proposed exploration. Any modification of your original proposal that you may wish to make will be considered, but you should be specific concerning the work you wish to undertake.

Very truly yours,

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

ABGriggs:bsp
G 3/23/51
Copies to: Chief, Lead-Zinc Branch
USGS McKnight
2 copies to
J. H. East, Jr.
Exec. Officer, Region IV
Enclosures

L. B. Moon
R. H. Mote
L. F. Strobel
C. O. Mittendorf
Files

February 9, 1951

Mr. L. G. Johnston
Bonanza Route
Villa Grove, Colorado

Dear Mr. Johnston:

I wish to acknowledge receipt of your letter of February 6, enclosing information regarding a mining loan on the Foster Group.

Your application is being forwarded to the Defense Minerals Administration in Washington, D. C. for consideration.

Sincerely yours,

J. H. East, Jr.
Regional Director

/el

cc-Allison
DMA

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 8 - 1951
BUREAU OF MINES
DENVER, COLORADO

Bonanza Route
Villa Grove, Colorado
February 6, 1951

Mr. J.H. East Jr.
Regional Director
Bureau of Mines, Region 4
224 New Customhouse
Denver 2, Colorado

Dear Mr. East:

I have enclosed what information we have available on the Foster Group of claims for which we are applying for a government loan. Some additional material may be obtained from the two following references: Bulletin 9. Colorado Geological Survey. 1915. and U.S.G.S. Professional Paper 169. 1930.

I would, however, like you to know that what work we are doing now we are doing on our own, and in old workings. With a loan we could develop these properties to a very great extent, for none of them have over 200 feet of vertical depth---- not even scratched!

Sincerely yours,

T. Johnston

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
ROCKY MOUNTAIN REGION
REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

December 26, 1950

Mr. L. O. Johnston
Bonanza Route
Villa Grove, Colorado

Dear Mr. Johnston:

This will acknowledge receipt of your letter dated December 22, 1950 requesting information regarding obtaining a Government loan for the Little Jennie mine.

We enclose an outline which will indicate to you the type of information that you should assemble and forward with your application. We do not have the formal application blanks, but we are receiving applications based on the attached outline.

The information, when assembled, may be sent to this office, or it may be forwarded direct to the Defense Minerals Administration, Interior Building, Washington 25, D. C.

Sincerely yours,

J. H. East, Jr.
J. H. East, Jr.
Regional Director

Enclosure

J[illegible]:lm

cc: [illegible] Allaman
[illegible] Traver

pth

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
ROCKY MOUNTAIN REGION
REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

December 26, 1950

Mr. L. G. Johnston
Bonanza Route
Villa Grove, Colorado

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Sincerely yours,

J. H. East, Jr.
J. H. East, Jr.
Regional Director

Enclosure

JHE:lm

cc: JT Alleman
WJ Traver

Mining Division
Date Rec'd.
DEC 26 1950
BUREAU OF MINES
Denver, Colorado

Bonanza Route
Villa Grove, Colorado
December 22, 1950

REGIONAL DIRECTOR'S
OFFICE
REGION IV
DEC 26 1950
BUREAU OF MINES
DENVER, COLORADO

U. S. Bureau of Mines
Regional Office
New Customs Building
Denver, Colorado

Dear Sirs:

We are interested in obtaining a government loan for the Little Jennie mine here in Bonanza. Would you please send us the necessary information as to the proper procedure and an application?

Thanking you in advance, I am

Very truly yours,

F. Johnston

JNE

INFORMATION FOR GOVERNMENT LOAN
FOSTER GROUP

NAME OF MINE:
Foster Group

PRESENT OPERATOR:
Johnston Mining Company
Bonanza Route
Villa Grove, Colorado

PREVIOUS OPERATORS:
Oro Grande Mining Company
Bonanza, Colorado

Tom Raymond
Bonanza Colorado

A.J. Hall
Aztec, New Mexico

2 copies
Johnston
2/9

PAST PRODUCTION: (Estimated)

Little Jennie	$25,000
Sosthenes	45,000
Payson	30,000
Radcliffe	1,600
Vallejo	12,000

HISTORY:

The claims of the Foster Group were first developed during the boom days of Bonanza. They were worked intermittently from 1881 to 1890. After 1890 the Boom subsided, and none of the mines in the group were worked until 1942. In 1942 the Little Jennie was re-opened by the Oro Grande Mining Company under the supervision of the applicant, L.G. Johnston.

A shortage of funds halted operations almost before they were started. The company shipped only one carload of ore which, however, netted $500, plus the bonus, at the then relatively low price of metals.

The group was leased, after the failure of Oro Grande, to Tom Raymond, local miner. Working off and on, Raymond shipped approximately $15,000

of ore by gouging out what ore there was in sight and accessible.

Raymond's lease was forfeited in 1948, and the applicant was given a 5 year lease with an option to renew an additional 5 years in January 1950.

During the period from 1890 to the present time the other mines of the group were not worked, with the exception of the Brighton. In 1948 this mine was subleased by three men who, due to a lack of capital and equipment, failed to accomplish anything of importance.

PROPOSED WORK:

The plans of the Company at the present time involve only the Brighton and Little Jennie of group.

The Little Jennie and Vallejo drifts are on adjoining claims. These two drifts lie at elevations of 11,300 ft. and 11,180 ft., respectively. It is proposed to drive the Vallejo tunnel under the Jennie workings, a distance of 120 ft., thereby gaining 120 ft. of depth.

Ore exposed in the Little Jennie assures that the ore shoot is at least 500 ft. long as shown by the relatively small amount of development work done. That the ore goes down is pointed up by two existing winzes which have each been sunk to a depth of fifty feet. Attention is also called to a statement made by Burbank in his report:" Although the explored part of the Little Jennie vein is narrow and the development work done is small, the steepness of the fissures and the intense alteration of the adjacent rock give some promise of the vein holding its width and mineral content to greater depth, as is also indicated by the kinds and proportions of the vein minerals."[1]

The same plan is also contemplated for the Brighton. This project, however, is on a larger scale than the Little Jennie development. Here the depth gained would be in the approximate neighborhood of 260 ft. To be gained

[1] Burbank, W.S. U.S.G.S. Professional Paper 169.

through the Sosthenes Tunnel by driving the Brighton Crosscut in that adit an estimated 400 to 500 ft. No extensive work has been done on the Brighton, but a very good body of ore(running about 10% lead, 12% zinc, 2-4% copper, and 8 oz. silver per ton) is exposed in the drift and a 40 ft. winze. This ore streak holds pretty nearly an average of 4 ft. in width, and promises to get better in grade with depth.

These two projects will require an estimated expenditure of $75,000. Much of this amount, however, would be spent for new equipment and power. Electric power is a practical necessity in view of the work in mind. Electricity can be installed, however, for the nominal cost of $3,000(according to an estimate obtained in early 1950).

Further equipment required would include: a new 600 cu. ft. compressor, mucking machine, trammer, stopers, drifters, pipe, track, timber, supplies, etc.

The only equipment now available is a small leasing outfit.

LABOR:

At present there are four men working with operations confined to the Little Jenny.

Proposed work would call for about eight additional employees. These men are readily available in the immediate district.

TREATMENT OF ORE:

A large proportion of the ore mined would be milled(depending upon its zinc content). We have shipped some ore to the Resurrection mill at Leadville, Colorado----a distance of 112 miles. This is transported by truck directly from the mine. Some of the ore, though, will undoubtedly be shipped to the A.S.&R. smelter, also at Leadville, and also by truck.

PRODUCTION:

We would expect to produce about 200 tons per month when the proposed work is completed. This would probably take in the neighborhood of four months time. The expected production could be reached in six months.

ESTIMATED PRICE OF METALS REQUIRED TO OPERATE:

Profitable operation could be maintained if lead were only 10¢ and zinc 12¢ per pound.

ESTIMATE OF ORE RESERVES:

We estimate all expected ore to be of the following average grade:

10% in lead
15% in zinc
5 to 10 oz. in silver
1 to 2% in copper
.03 to .05 oz. in gold

Measured ore----------1,000 tons
Indicated ore----------10,000 tons
Inferred ore----------30,000 tons

ACCESSIBILITY OF MINE:

Easily accessible. Served by a new County built and maintained road. The road is in excellent condition. Furthermore, snow presents no serious difficulty, for the County bulldozer is readily available for plowing when the need arises.

EXPERIENCE OF MANAGEMENT:

36 years experience of which approximately 20 years has been in a supervisory capacity.

OTHER:

We have not attempted to secure finances for this work from any other source.

It is our understanding that the Little Jennie was approved for a loan during the last war. A U.S. Bureau of Mines engineer by the name of Hayson(?) inspected the property.

We are enclosing a report on the Little Jennie taken from Burbank's Professional Paper 169. This is the only report available.

No maps are available at the present time.