AUG 24 1951

Ref: DMA-15021

Mr. Ted B. Russell
Box 262
Truth or Consequences, New Mexico

Dear Mr. Russell:

Your application for a Government loan of $10,000 to finance production from the Rickerdite mine has been reviewed by the Defense Minerals Administration.

At the request of Mr. Ira L. Wright, operator of the Merrimac mine to the west of your mine, the Defense Minerals Administration made a special plea to the Army Department last April, urging that the Army defer any steps that might be taken that would close the zinc-lead mines working within the "Ordeit project". The reply from the Army was not favorable. There was an implication that although the mining operations were being tolerated at present, condemnation and ejection proceedings might be taken at any time. I regret, therefore, that we do not believe it advisable to recommend a mining loan on your property.

Although your application for a loan was presented on the form used for exploration loans which requires 50 per cent participation in expenses on the part of the applicant, the body of your application shows that you are not proposing exploration but are seeking a straight production loan of the full amount requested. Such funds would have to be obtained from the R. F. C. on the recommendation of Defense Minerals Administration, and would require a certification on our part of proven ore reserves. The Rickerdite mine was examined by Government geologists during the last war, and although the high grade of some of the ore that you cite is confirmed, the evidence was insufficient for establishing any significant minable tonnage of proven ore.

We wish to thank you for bringing this property to our attention.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

E T McKnight:emp
G 8-21-51

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

J. H. East, Jr. Region IV

AUG 24 1951

Memorandum

To: Reports and Records Unit
Administrative Management Div.

From: Chief, Lead-Zinc Branch

Re: DMA-1502X
Ted B. Russell
Rickardite Mine
Organ District, N. M.
Straight loan $10,000
Zinc, lead, copper

Subject: Denial of loan

Property lies within a restricted area adjacent to White Sands proving ground in New Mexico. The Army, in reply to a letter from DMA in April, 1951, concerning the Merrimac mine which lies just west of the Rickardite, implies that although mining is being tolerated in this area at present, condemnation and ejection proceedings may be expected at anytime. Copy of the pertinent letter is attached.

Although applicant has applied on the exploration form, his application is obviously for a mining loan for production. He mined about 60 tons of ore during 3 months in 1948 but owing to the break in price, presumably in early 1949, this ore was not shipped until may 1951. This mining represents the only work done on the property since it was examined by the Geological Survey in 1943. At that time very little ore had been proven; the chief ore showings were in the rear 40 feet of the main inclined drift, and in the rear 20 feet or so of the No. 2 inclined drift. The ore was in pockets and lenses replacing dolomite within zones 3-4 feet thick, although the replacement was by no means continuous within these zones. Individual lenses were rich so that a hand sorted ore was very high grade. The 34 tons shipped during World War II, according to the applicant, ran 18.6 per cent lead and 23.0 per cent zinc. The Geological Survey's appraisal in 1943 was that the ore could not be economically extracted owing to the mining conditions whereby the ore would have to be brought up a crooked inclined drift to get it out. The mining difficulties are indicated by the mining experience of the applicant, whose production rate in 1948 was 20 tons of ore per month for 3 months.

A geologic report on the mine by K. C. Dunham, published by the New Mexico Bureau of Mines and Mineral Resources in 1935, gives an unfavorable report on this mine. This report described only the No. 2 workings, and says that this working "has exposed many small irregular

masses of pyrite-sphalerite ore, the largest of which does not appear to exceed 10 feet in dip length or 2 feet in thickness. The nature of the ore makes it uneconomic. No further work on the zinc ores would be justified".

It appears evident that the proven tonnage of ore is small and that there is some question as to whether the exposed ore can be economically mined under present unfavorable mining conditions. This, combined with the uncertainty as to how long the Army will tolerate operation within the area, indicates considerable uncertainty as to whether a loan could be repaid. The applicant admits that he is not an experienced operator. It is therefore recommended that the application be denied, and that the attached letter be sent to applicant.

Returned herewith are:

2 copies of MF-100
3 copies of MF-103
1 copy of a 3 page report by applicant on the Rickardite Mines Group.

SIGNED

T. P. Billings, Chief
Lead-Zinc Branch

Approved:
Tom Lyon

Director, Supply Division

ETMcKnight:emp
G 8-20-51
Copies to: J. H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records Unit
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF LEGISLATIVE LIAISON

WASHINGTON 25, D. C.

May 16, 1951 COPY

Mr. James Boyd
Administrator
Defense Minerals Administration
United States Department of the Interior
Washington 25, D. C.

Dear Mr. Boyd:

Permit me to make further reference to your letter of April 19th relative to correspondence received from Mr. Ira L. Wright concerning the operating rights of the Merimac mine in Ordcit Project, adjoining White Sands Proving Ground, New Mexico.

The minimum requirements for this project were, prior to their establishment, coordinated with all parties interested, including the New Mexico Cattle Growers' Association and the New Mexico Miners' and Prospectors' Association. The Merimac Mining Claim lies 1½ miles inside the westerly perimeter of the project and is within the boundaries of a ranch of which the Government has exclusive use. It lies in an area considered very dangerous for occupancy because of military experiments.

The acquisition of unpatented mining claims on public domain lands in the State of New Mexico is dependent upon receiving determinations of validity on such claims by the Department of the Interior. The validity of this claim was ascertained only very recently. Accordingly, the owners were not heretofore approached in an effort to obtain an exclusive use agreement to replace the co-use arrangement now in effect. Appraisals of these properties, however, are now being completed and the owners will receive an offer at an early date for the exclusive use of the Merimac Claim and two adjacent similar properties. This offer will be based on the current appraised market value thereof.

It is considered that granting of permission to the owners of the Merimac Claim to continue mining operations would require exclusion of the area from the military boundaries and it is considered that this action would very materially diminish the usefulness of the project which was established on a minimum basis for the combined military establishment.

9.78

Mr. James Boyd May 16, 1951

I trust that the above information will enable you to more fully understand the Department of the Army's position in this matter and will permit you to furnish Mr. Wright of the Merimac Mine the information desired.

Sincerely yours,

T. A. YOUNG
Assistant to the Chief