DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Idm-E NO. 404

DMEA NO. 66

Application
- [ ] Denied
- [ ] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [x] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing ~~Letter~~ Memo.
- [x] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [x] Project summary (final)
- [x] Work Comoleted analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [x] Field Team Semi-Annual Report for Certified Project
- [x] Field Team Interim Reports
- [x] Operator's Monthly Reports with transmittal, narrative and maps.

Folders No. _____ : Maps (Use pocket folder or envelope)

Folders No. _____ : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty material

17963

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files of the Washington office pertaining to Contract Lem-2404, Docket [illegible]-66 (zinc-lead), dated September 23, 1952, with

Ely Valley Mines, Inc.
Pioche, Nevada

for the purpose of determining the amount of royalty payable to the U. S. Government on sales of minerals from property referred to as the Ely Valley Mine located in Lincoln County, Nevada, during the period September 23, 1952, through December 19, 1962.

In accordance with Amendment Nos. 4 and 5 and Annex II of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract for a period of 13 years from the date of the contract or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first. A Report of Review dated July 17, 1956, indicated accepted costs under the exploration contract amounting to $10,189.50 with the Government's contribution on a 50 percent basis being $5,094.75.

The status of the project, the scope of review, and the reasons therefor are stated on page 2.

This review established the total sales subject to the Government's royalty for the period to be $15,436.54. Royalty payable to the Government at the rates specified in the contract is $231.46.

A prior Report of Royalty Review erroneously found no sales subject to the Government's royalty through December 31, 1958, and stated the royalty account as being:

Total Royalty Payable	$ -0-
Total Royalty Paid	-0-
Balance of Royalty Due	$ -0-

As of December 19, 1962, the royalty account of this project was found to be:

Total Royalty Payable	$231.46
Total Royalty Paid	-0-
Balance of Royalty Due	$231.46

E. R. Talbert

E. R. Talbert, OME Auditor

January 3, 1963

STATUS OF PROJECT, SCOPE OF REVIEW AND REASONS THEREFOR

This contract as amended provides that the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all mineral production from the patented Ely Valley and Ely Valley No. 3 Claims, located in the Ely Valley Mining District and owned by the Operator. The so-called "abandonment" provision in this contract was deleted by Amendment No. 4.

Exploration work under the contract was suspended on August 10, 1953, due to insufficient capacity of the pumps. On September 1, 1953, all equipment was removed, the pumps were pulled, and the shaft was allowed to fill with water to the 963 level. On May 10, 1954, the installation of pumping equipment and other necessary work preliminary to resumption of contract work was started. This rehabilitation work was discontinued during August 1954 for financial reasons. Another start at rehabilitation during 1955 also was discontinued due to lack of funds. The same thing occurred during 1956, and, under the provisions of Amendment No. 5, the contract was terminated effective September 1, 1953, for failure to resume contract work by July 1, 1956. This amendment also provides for the payment of royalty in the same manner and amount as if certification of discovery or development had been made.

A Report of Royalty Review prepared on May 27, 1959, by George Mavor, OME Auditor, found no royalties payable on production during the period of September 23, 1952, to December 31, 1958. This finding was based on the November 30, 1957, Final Report of the Region II Field Team, wherein it is stated that "No ores were produced, no royalties have been paid, and no royalty is due the Government", and the several subsequent semi-annual reports of examining engineers. This current review has disclosed that the former findings were erroneous.

The files indicate that the property has been more or less inactive since 1936 and that all pumps were removed in 1960; however, during 1953 and 1954 ore was shipped from the Ely Valley Mine and stockpiled at the Caselton plant of the Combined Metals Reduction Company. During June 1954 Combined Metals purchased the entire stockpile in seven lots aggregating 2,225.438 dry tons of manganese ore. By letter dated August 28, 1962, the Operator confirmed that the production "was taken from the Ely Valley winze 400' level and this is on the Ely Valley claim of Ely Valley Mines, Inc." A listing of the settlements and the royalty payable follows:

JUN 1 1959
O.M.E.

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF ROYALTY REVIEW

I have reviewed the files and records of the OME Field Team, Region II, pertaining to Contract No. Idm-2404, Docket No. DMA-66X (Zinc-Lead), dated September 23, 1952, including Amendment Nos. 1 to 5, inclusive, with

Ely Valley Mines, Inc.
Pioche, Nevada

for the purpose of determining the amount of royalties due the U. S. Government on sales of zinc and lead ores from property known as the Ely Valley Claim and Ely Valley No. 3 Claim, located in Lincoln County, Nevada, during the period September 23, 1952 to December 31, 1958.

A pseudo certification of discovery or development was incorporated under Item 4 (c) of Amendment No. 5 of the contract, and accordingly royalty is payable on all production from the land described in Article 2 of the contract, for a maximum period of 13 years from date of contract as stipulated under Item 3 of Amendment No. 5 of the contract. A Report of Review in lieu of final cost audit dated July 17, 1956, indicated acceptable costs under the exploration contract amounted to $10,109.50 with the Government's contribution on a 50 percent basis, being $5,054.75.

No royalties have been paid to date in connection with this contract.

This review was made in lieu of an on-site audit of the Operator's accounts and records for the following reasons:

(a) According to the Field Team's Semi-Annual Report of Certified Projects for the period July 1, 1958 to December 31, 1958, there was no production during the period covered by this review.

(b) The administrative cost to the Government of an on-site Royalty audit at this time would be excessive in relation to the amount of possible royalty which might be disclosed.

George Mavor
George Mavor, OME Auditor

May 27, 1959

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

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JUL 20 1956

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Ely Valley Mines, Inc.,
a corporation duly organized
and existing under and by
virtue of the laws of the State of Nevada
Pioche, Nevada

pertaining to Exploration Project Contract No. Idn-2404, Docket No. [illegible], including Amendments Nos. 1, 2, 3, 4 and 5 for the months of November 1952 to August 1951, inclusive, covering a project for the exploration of zinc-lead, on property, known as the Ely Valley Claim and Ely Valley No. 3 Claim, located in Lincoln County, Nevada.

My review included an examination of the Monthly Reports (Form DF-104) and supporting documents attached thereto, comparison of the costs claimed with the contract and pertinent schedules, consultation with Executive Officer in charge of the project, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the following reason:

All of the costs incurred were under a contract provision for payment by the Government on the basis of fixed unit costs of units of work actually performed.

The review disclosed the following facts in regard to the amount paid or to be paid the contractor:

Total cost as billed by contractor	$10,109.50
Exceptions	None
Total Accepted Cost	$10,109.50

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Five Thousand Fifty Four and 75/100 dollars.

** $5,054.75 **

is considered valid and proper, provided the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

George Mayer
George Mayer
Auditor

July 17, 1956

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AMENDMENT NO. 5
to
EXPLORATION PROJECT CONTRACT Idm-[illegible]
dated September 23, 1952
Docket No. DMA-661
between
UNITED STATES OF AMERICA
and
ELY VALLEY MINES, INC.

It is agreed this 15th day of February, that the Contract, as amended, is further amended as ows:

1. (a) Work under the Contract shall be suspended ng the period beginning August 17, 1955, and ending not r than July 1, 1956.

(b) The Government shall not contribute to any costs urred by the Operator during the period of suspension or any costs of rehabilitation or repair which in the Govern- t's opinion would not have occurred had there been no sus- nsion of work.

(c) The Operator, at its own cost and expense, with- t contribution by the Government, during the period of sus- nsion shall preserve and protect the project work.

2. The time for completion of the work, as specified n Article 3 of the Contract and extended by Amendment No. 4 f March 9, 1955, to August 23, 1956, is hereby further ex- nded to September 23, 1957.

3. The maximum period for royalty payments and lien to secure the payment thereof, provided for in the Contract, and extended to twelve years by Annex II of Amendment No. 4 of March 9, 1955, is hereby further extended to September 23, 1965.

4. It is of the essence of this Contract that the work be resumed before the termination of the period here fixed for suspension and be completed before the termination of the period here fixed for completion of the work; and if it is not so resumed and completed in the manner required by the Contract, the following provisions shall then become effective:

(a) The Contract and all obligations of the parties

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thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated, as follows:

[illegible] effective September 1, 1953, if the work has not [illegible]umed on or before July 1, 1956;

[illegible] effective September 23, 1957, if the work [illegible]d on or before July 1, 1956, but is not compl[illegible] or before September 23, 1957.

[illegible] Government shall contribute only to the fixed u[illegible] of work prior to said effective date.

[illegible] The Operator, as principal if the Operator is the p[illegible] or as surety if the Operator is not the producer [illegible] pay to the Government the royalty on production pro[illegible] in the Contract, in the same manner and amount an[illegible] full time provided in the Contract, as amended, a[illegible]ification of discovery or development had been [illegible] certification being hereby waived.

(d) The Operator shall promptly perform all winding [illegible] settlement actions provided for in the Contract in[illegible] the rendering of the final report and final account.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as otherwise provided in this Amendment No. 5.

This amendment shall not be construed to increase the estimated cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. Mittenbergs
Administrator, Defense Minerals Exploration Administration

ELY VALLEY MINES, INC.

By John Sarney

Title President

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EXPLORATION PROJECT CONTRACT
ELY VALLEY MINES, INC.
DOCKET NO. DMA-66X

AMENDMENT NO. 4

It is agreed this 9th day of March, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Ely Valley Mines, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract IdM-2404, Docket No. DMA-66X, dated September 23, 1952, hereinafter called the "Contract," that:

1. (a) Work under the Contract shall be suspended during the period beginning August 31, 1954, and ending not later than August 16, 1955.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government, and the Government shall not contribute to any costs of rehabilitation or repair which, in its opinion, would not have occurred if there had been no suspension of the work.

(c) The Operator at his own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The time fixed for the completion of the work is further extended to August 23, 1956.

3. In Article 7 of the Contract, that part of the second sentence beginning with the word "Provided" is deleted.

4. Annex I attached to Amendment No. 2 is cancelled, and Annex II, attached hereto and made a part hereof, is substituted therefor.

This agreement shall not be construed to increase the estimated total cost of the project nor the aggregate total amount which the Government may be required to contribute under the provisions of the Contract.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mathews
Administrator, Defense
Minerals Exploration
Administration

Robin
Hefflund
J. ad.
Chamberlin
Selfridge
Johnson

ELY VALLEY MINES, INC.

By John Janney
President

APR - 4

ANNEX II

The following provisions are in lieu of Article 6 :

Repayment by Operator.--a. Certification.--If the Government considers that a discovery or development from which production may be made has resulted from the work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Royalty on production.--The Operator, as principal, if the Operator is the producer, or as surety, if the Operator is not the producer, shall pay to the Government a royalty on all minerals mined or produced from the land* as follows: (1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification, or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first; or (2) if the Government makes a certification of discovery or development, for a period of ten years from the date of the contract§ or until the total net amount contributed by the Government without interest is fully repaid, whichever occurs first.

c. Basis for computation.--The Government's royalty shall be a percentage of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrates, metal, or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business, and shown as deductions on the buyer's settlement sheets, on account of the cost of treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight paid by the buyer to a carrier (not the Operator), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. Any costs of treatment processes, sampling or assaying, or transportation, performed or paid by the

* The word "land" refers to the land described in Article 2 of the Contract form.

§ The period "twelve years" is substituted for the period "ten years."

Operator or by anyone other than the buyer, are not deductible in arriving at the "gross proceeds" as that term is here used. The term "treatment processes," as here used, means those processes (such as milling, concentrating, smelting, refining, or equivalent) applied to the raw ore or other production after it is extracted from the ground, to put it into a commercially marketable form; excluding fabricating or manufacturing.

d. Unsold production.--If any production (ore, concentrates, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used by the Operator in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrates, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used by the Operator in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time when it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination, or the market value, whichever is greater.

e. Percentages of royalty.--The percentages of the Government's royalty shall be as follows:

> One and one-half ($1\frac{1}{2}$) percent of amounts ("gross proceeds" or "value") not in excess of eight dollars ($8.00) per ton of production in the form in which sold, held, or used, plus one-half ($\frac{1}{2}$) percent for each additional full fifty cents ($0.50) by which such amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such amounts.
>
> (For instance: the royalty on an amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) percent; on an amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) percent.)

f. Lien for payment.--To secure the payment of its percentage royalty, there is hereby granted to the Government a lien upon the land or the Operator's interest in the land and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

g. Notice to purchasers.--The Operator shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Administrator, Defense Minerals Exploration Administration, or his successor, and his estimate thereof shall be final and binding upon the Operator.

h. No obligation to produce.--Nothing in this contract is to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

i. Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals mined or produced from the land.

Docket copy

[illegible]

[illegible] 10th [illegible] March [illegible]

[illegible]

John [illegible]

C. [illegible]

Defense Materials Administration
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AMENDMENT NO. 3

Docket No. DMA-661 Mineral Lead-Zinc

Exploration Project Contract Idm-3404

Date of Contract Sept. 23, 1952

Date of Amendment March 10, 1954

Operator Ely Valley Mines, Inc.

JUSTIFICATION

In order to get the finances needed to resume exploration work at the Ely Valley Mine, the operator requested an extension of the recess period and an extension of the contract to 28 months. This amendment was drawn to grant the requested time.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

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EXPLORATION PROJECT CONTRACT
ELY VALLEY MINES, INC.
DOCKET NO. DMA-66X

AMENDMENT NO. 2

It is agreed this 3rd day of November, 1953, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Ely Valley Mines, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E404, Docket No. DMA-66X, dated September 23, 1952, as amended, be further modified and amended as of September 1, 1953, as follows:

1. In Article 3 of the contract form, the period "sixteen (16) months" is deleted and the period "twenty-six (26) months" is substituted therefor.

2. During the period from September 1, 1953, to March 1, 1954,

(a) the project work shall be recessed;

(b) the Government shall not contribute to any costs incurred by the Operator;

(c) the Operator shall save the Government harmless from any and all claims and preserve and protect the project work and any property in which the Government has an interest.

3. Article 6 of the contract form is deleted and the provisions of Annex I, attached hereto and made a part hereof, are substituted therefor.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be required to contribute, nor the agreed unit cost of any item of work.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C O Mitteudorf
Administrator, Defense Minerals Exploration Administration

ELY VALLEY MINES, INC.

By John Janney
President
Pres. Ely Valley

EXPLORATION PROJECT CONTRACT
ELY VALLEY MINES, INC.
DOCKET NO. DMA-66X
ANNEX I

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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The following provisions are in lieu of Article 6 :

Repayment by Operator.--a. Certification.--If at any time the Government considers that a discovery or development from which production may be made has resulted from the exploration work, the Government, at any time not later than six months after the Operator has rendered the final report and final account, may so certify in writing to the Operator. Such certification shall describe broadly or indicate the nature of the discovery or development.

b. Percentage royalty.--The Operator, or his successor in interest, shall pay to the Government a royalty on all minerals mined or produced from the land described in Article 2,--(1) regardless of any certification of discovery or development, from the date of the contract until the lapse of the time within which the Government may make such certification of discovery or development, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first, unless the Government waives its right to a royalty; or (2) if the Government makes a certification of discovery or development, for a period of ten years* (or other period fixed by this contract) from the date of the contract, or until the total net amount contributed by the Government, without interest, is fully repaid, whichever occurs first. Said royalty shall be a percentage of the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production (including any bonuses), in whatever form disposed of, including ore, concentrates, or metal, as follows:

(a) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(b) One and one-half ($1\frac{1}{2}$) per cent of any such net amounts, plus one-half ($\frac{1}{2}$) per cent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) per cent of such net amounts.

(For instance: the percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half ($1\frac{1}{2}$) per cent; on a net amount of ten dollars ($10.00) per ton, three and one-half ($3\frac{1}{2}$) per cent.)

c. Definitions.--As here used, "net smelter returns", "net concentrator returns", and "other net amounts realized from the sale or other disposition", mean gross revenue from sales; or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be gross income from mining operations for percentage depletion purposes in income tax determination.

d. Lien for Payment.--To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

e. Notice to Purchasers.--The Operator shall notify any purchaser of the production of the Government's royalty interest, and shall authorize and direct the purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets; but failure or refusal by the purchaser to comply shall not relieve the Operator of liability to pay any royalty falling due.

f. No Obligation to Produce.--This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

*The period "eleven years" is substituted for the period "ten years."

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DEPARTMENT
Defense Minerals
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AMENDMENT NO. 2

Docket No. [illegible] Mineral [illegible]

Exploration Project Contract [illegible]

Date of Contract [illegible]

Date of Amendment [illegible]

Operator [illegible]

JUSTIFICATION

Due to unforeseen and unusual difficulties encountered in cleaning out the shaft, difficulty of keeping experienced men on the job, and additional work found necessary on the [illegible] level station, the operator ran out of time and funds necessary to complete the work outlined in the contract. To give him time to raise additional funds with which to complete the work, he requested that the project be recessed from [illegible], to [illegible], and the completion date extended ten months. The request seemed to be a reasonable one, so the field team recommended that the Washington Office prepare Amendment No. 2.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

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ELY VALLEY MINES, INC.
EXPLORATION PROJECT CONTRACT IDM-E404
DOCKET NO. DMA-66X

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AMENDMENT NO. 1

It is agreed this 26th day of August, 1953 between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, and Ely Valley Mines, Inc., each acting in consideration of the agreement of the other to the terms hereinafter set forth, that Exploration Project Contract Idm-E404, Docket No. DMA-66X, dated September 23, 1952, be modified and amended as of July 9, 1953, as follows:

In Exhibit "A", under "Description of the Work" add:

7. Widen the 1200-foot level in front of the shaft to allow space for unloading mine cars into loading trench and excavate water sump at shaft on the same level. Total footage 50.9 feet.

In Exhibit "A", under "Estimated Cost of the Project" change the fifth item to read as follows:

Crosscut from the shaft at the 1200-foot level in a northeasterly direction for a distance not to exceed 1600 feet, including widening of the level at the shaft and excavating a water sump at the shaft, at $35.00 per foot $56,000.00

This amendment shall not be construed to increase the estimated total cost of the project, the amount of the Government's contribution, or any item of allowable cost which is expressly designated "allowable maximum."

Executed in sextuplicate the day and year first above written.

ELY VALLEY MINES, INC.

By John Janney

THE UNITED STATES OF AMERICA

By H. C. Miller
H. C. Miller, Executive Officer
DMEA Field Team, Region III

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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AMENDMENT NO. 1

Docket No. DMA-661 Mineral Zinc-Lead

Exploration Project Contract Idn-Rh01

Date of Contract September 23, 1952

Date of Amendment August 26, 1953

Operator Ely Valley Mines, Inc.

JUSTIFICATION

Amendment was necessary to cover work done by the Operator which under the conditions was necessary though not spelled out in the contract. Widening of the 1200-foot level at the shaft was necessary to allow unloading of mine cars into loading trench and to provide switch room for empties to return to the headings also to provide room for installation of water column and electric cables for pump.

Due to inflow of water and inability to use sump at bottom of shaft for water storage as shaft pocket is needed for loading ore into bucket, sump from 1200-foot level was excavated over which a Ponoma pump was mounted.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

MF-200 (A)
(February 1952)

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
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DOCKET NO. DMEA 66

COMMODITY Zinc-lead

Docket Copy
Idm-E404

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

EXPLORATION PROJECT CONTRACT[1]
(Short Form)

IT IS AGREED this 23rd day of September, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and[2] Ely Valley Mines, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Nevada Pioche, Nevada

hereinafter called the "Operator," as follows:

ARTICLE 1. *Authority for contract.*—This agreement is entered into under the authority of the Defense Production Act of 1950, as amended, pursuant to DMEA Order 1 entitled "Government Aid in Defense Exploration Projects."

ARTICLE 2. *Operator's property rights.*—With respect to that certain land situated in the State of Nevada, County of Lincoln, described as follows:[3] Ely Valley Claim and the Ely Valley No. 3 Claim are located in the Ely Valley Mining District. Both claims are covered by Patent No. 221093, Survey No. 3725.

the Operator represents and undertakes:[4]

(*a*) That the Operator is the owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: None

(*b*) [redacted]
The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof.

ARTICLE 3. *Exploration project.*—The Operator, within Sixty days from the date of this contract shall commence work on a project of exploration for[5] Zinc-Lead

in or upon the described land; and shall bring the project to completion within a period of sixteen (16) months from the date of this contract. The work to be performed is more fully described in Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, are made a part of this contract. The Government will contribute to the cost of this work as hereafter provided. The work shall be performed by the Operator or by independent contractor or contractors efficiently, expertly, in a workmanlike manner, in accordance with good mining standards and State regulations for health and safety and for workmen's compensation and employers' liability insurance, with suitable and adequate equipment, materials, and labor, to bring the project to completion within the time fixed. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

ARTICLE 4. *Costs of the project.*—The agreed, estimated costs of performing the work, expressed in terms of units of work to be performed (per foot of drifting, per foot of drilling, per cubic yard of material to be moved, etc.) are set forth in Exhibit "A," attached hereto. The Government will pay 50 percent of these agreed, estimated costs, as they accrue, for units of work actually performed that conform with the description or specifications for the work set forth in this contract, in an aggregate total amount not in excess of $43,100.00 which is 50 percent of $86,200.00 the agreed, estimated total cost of the project in which the Government will participate: *Provided,* That until the Operator's final report and final accounting have been rendered to the Government and any final check or auditing required by the Government has been made, and a final settlement of the contract has been made, the Government may withhold from the last voucher or vouchers such sums as it sees fit not in excess of ten (10) percent of the maximum total which the Government might have been called upon to pay under the terms of the contract. The Government may, as it sees fit, make payments direct to the Operator's independent contractors, if any, for the account of the Operator, rather than to the Operator.

ARTICLE 5. *Reports, accounts, audits.*—(*a*) *Progress reports.* The Operator shall provide the Government with monthly reports of units of work performed under the contract, in quintuplicate (five copies), upon forms provided by the Government. These progress reports shall be certified by the Operator, and shall constitute both the Operator's invoice of units of work performed on the project during the period covered by the report and his voucher for repayment by the Government, unless the Government requires the use of a standard voucher form with invoice attached. Progress reports shall include surface and/or underground engineering-geological maps or sketches showing the progress of the exploration, with assay-reports on samples taken concurrently with the advance in mineralized ground.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization, if any.
[3] Give legal description as enough to identify the property, particularly excluding any land or interest therein to which the Government's lien is not to attach or the production from which is not to be subject to the Government's percentage royalty.
[4] Strike out the provision not applicable.
[5] Name of mineral or minerals.

(*b*) *Final report.*—Upon completion of the exploration work or termination of the contract the Operator shall provide the Government with an adequate geological and engineering report, in quintuplicate (five copies), including an estimate of ore reserves resulting from the exploration work.

(*c*) *Compliance with requirements.*—If, in the opinion of the Government, any of the Operator's reports are insufficient or incomplete, the Government may procure the making or completion of such reports and attachments as an expense of the exploration work; and the Government may withhold approval and payment of any vouchers depending upon insufficient or incomplete reports.

(*d*) *Accounts and audits.*—The Operator shall keep suitable records and accounts of the units of work performed, which the Government may inspect and audit at any time. The Government may at any time require a check of the work performed and an audit of the Operator's records and accounts, by a certified public accountant or otherwise, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract. Upon the completion of the project or termination of the contract the Operator shall render a final account and statement of work performed to accompany his final report.

ARTICLE 6. *Repayment by Operator.*—(*a*) If, at any time, the Government considers that a discovery or a development from which production may be made has resulted from the exploration work, the Government, at any time not later than 6 months after the Operator has rendered the required final report and final account, may so certify in writing to the Operator. The certification shall describe broadly or indicate the nature of the discovery or development. In the event of such certification, any minerals mined or produced from the land described in Article 2 within 10 years from the date of this contract, including any mined or produced before the certification, shall be subject to a percentage royalty which the Operator or his successor in interest shall pay to the Government, upon the net smelter returns, the net concentrator returns, or other net amounts realized from the sale or other disposition of any such production, in whatever form disposed of, including ore, concentrates, or metal, until the total amount contributed by the Government, without interest, is fully repaid, or said 10 years have elapsed, whichever occurs first, as follows:

(1) One and one-half (1½) percent of any such net amounts not in excess of eight dollars ($8.00) per ton.

(2) One and one-half (1½) percent of any such net amounts, plus one-half (½) percent of such net amounts for each additional full fifty cents ($0.50) by which such net amounts exceed eight dollars ($8.00) per ton, but not in excess of five (5) percent of such net amounts.

(For instance: The percentage royalty on a net amount of five dollars ($5.00) per ton, would be one and one-half (1½) percent; on a net amount of ten dollars ($10.00) per ton, three and one-half (3½) percent.)

(*b*) As here used, "net smelter returns," "net concentrator returns," and "other net amounts realized from the sale or other disposition," mean gross revenue from sales, or if not sold, the market value of the material after it is mined in the form in which and the place where it is held. In the case of integrated operations in which the material is not disposed of as such, these terms mean what is or would be the gross income from mining operations for percentage depletion purposes in income-tax determination.

(*c*) To secure the payment of its percentage royalty, the Government shall have and is hereby granted a lien upon the land described in Article 2 and upon any production of minerals therefrom, until the royalty claim is extinguished by lapse of time or is fully paid.

(*d*) This article is not to be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any mining or production operations.

ARTICLE 7. *Assignment, transfer, or loss of Operator's interest.*—Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder. The Operator shall not make any voluntary nor permit any involuntary transfer or conveyance of the Operator's rights in the land described in Article 2, without making suitable provision for the preservation of the Government's right to a percentage royalty on production and lien for the payment thereof; *Provided*, that mere failure by the Operator to maintain the Operator's rights in the land, without any consideration running to the Operator other than relief from the cost of maintaining such rights (as by surrender of a leasehold, failure to perform assessment work, or failure to exercise an option), coupled with complete abandonment by the Operator of all interest in or operations on the land for a period of 10 years from the date of this contract, shall not constitute such a transfer or conveyance. Should the Operator make or permit any transfer or conveyance in violation of this provision, the Operator shall be and remain liable for payment to the Government of the same amounts, at the same times, as would have been paid under the terms of the percentage royalty on production. If for any reason the net smelter returns, net concentrator returns, or other net amounts realized from the sale or other disposition of such production are not available as a means of measuring the amount of the Operator's liability, the amount thereof shall be estimated as well as may be, and in the event of dispute as to such estimates, the determination thereof by the Administrator of Defense Minerals Exploration Administration or by his successor shall be final and binding upon the Operator.

ARTICLE 8. *Termination and completion.*—The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if, in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worth while discovery and in the opinion of the Government further operations are not justified.

ARTICLE 9. *Changes and added provisions* _____

_____

_____

_____

_____

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

_____ (Operator)

By _____ Pres.

By _____

ACTING _____

_____ Hoffman

Chamber

I, Sherman O. Dickman, certify that I am the assistant secretary of the corporation named as Operator herein; that John Janney, who signed this contract on behalf of the Operator, was then President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Sherman O. Dickman

[CORPORATE SEAL]

U. S. GOVERNMENT PRINTING OFFICE 16—66329-1

RESEARCHERS PROJECT CONTRACT
SKY VALLEY MINES, INC.
DOCKET NO. MEA-66

EXHIBIT "A"

Description of the Work

The proposed work shall be done to the satisfaction of the Government, and shall consist of the following:

1. Clean out approximately 50 feet of present shaft just above the 1200 foot level and install shaft timbers and shaft guides.

2. Deepen present shaft an additional 20 feet to provide necessary sump and install necessary timbers.

3. Construct a pocket below the 1200 foot level to handle rock into the skip. This pocket is to be approximately 10 ft. x 10 ft. x 15 ft. in size.

4. Construct water tight bulkhead in the 1200 foot level crosscut.

5. Crosscut from the shaft at the 1200 foot level in a northeasterly direction for a distance of approximately 1400 feet. The object of this crosscut is to intercept the No. 2 fault as shown on the map attached hereto and made a part hereof and entitled "Geologic Sketch, Sky Valley Mine, Fleshe, Nevada," and to determine the location of the ore bed in the Fleshe shale.

6. Diamond drill 12 holes from the 1200 foot level. The total drilling is not to exceed 3000 feet. Six of these holes are to be drilled upward and six downward at locations approved by the Government engineers. See aforesaid map for proposed location of the diamond drill holes.

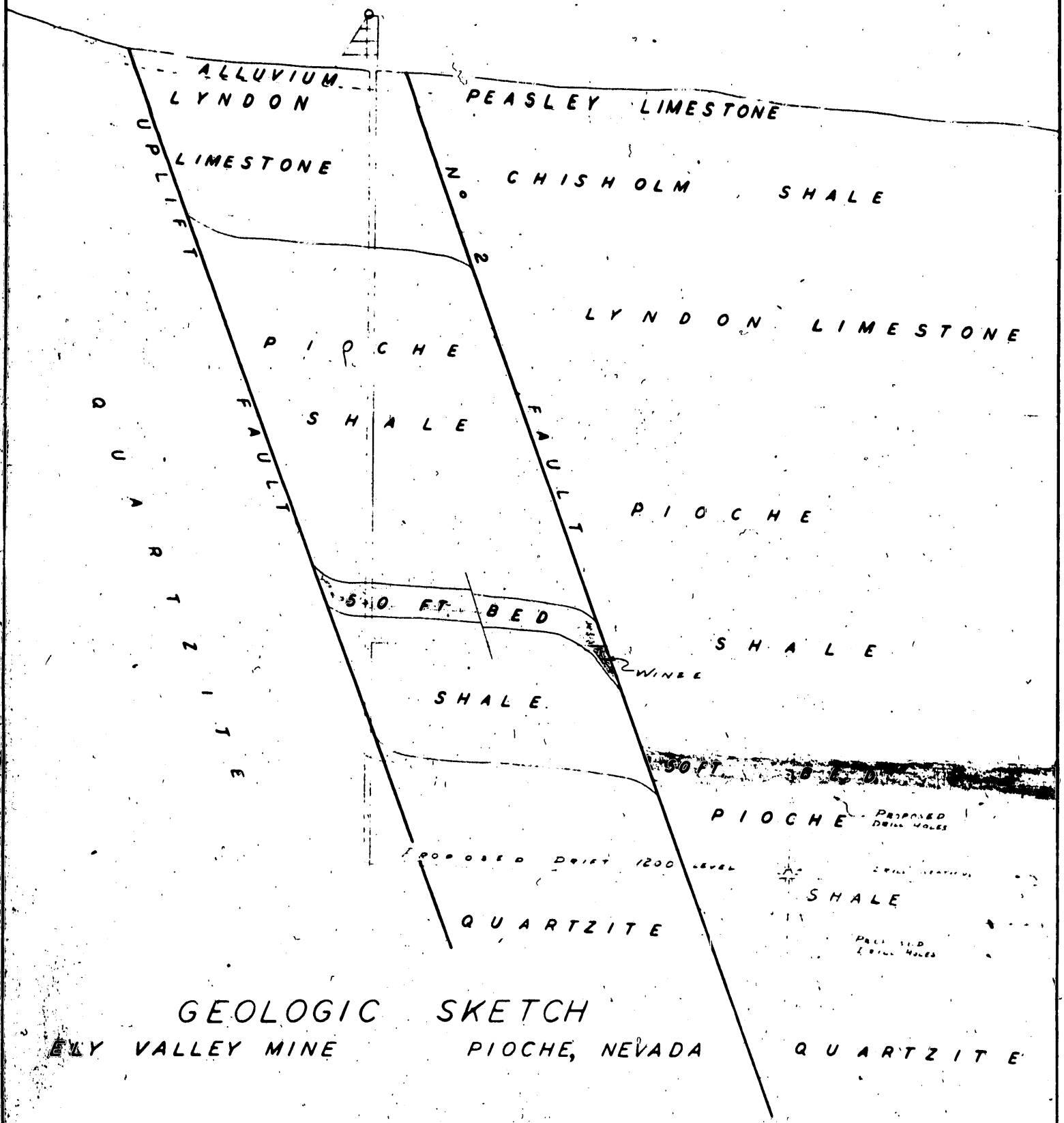
Estimated Cost of the Project

Clean out and rehabilitate approximately 50 feet of the present shaft just above the 1200 foot level - 50 feet @ $30.00 per ft.	$ 1,500.00
Deepen present shaft an additional 20 feet to provide necessary sump and install necessary timbers - 20 feet @ $120.00 per ft.	2,400.00

Construct pocket below the 1200 foot level to handle the rock from the 1200 foot level 1/	$ 1,200.00
Construct water tight bulkhead in the 1200 foot level crosscut 1/	3,000.00
Crosscut from the shaft at the 1200 foot level in a northwesterly direction for a distance not to exceed 1600 feet at $35.00 per ft.	56,000.00
Diamond drill from the 1200 foot level, 6 holes to be drilled upward and 6 downward, total footage drilled not to exceed 3000 feet at $7.50 per ft.	22,500.00
Total Estimated Cost of the Project	$86,200.00
Government Participation - 50%	$43,100.00

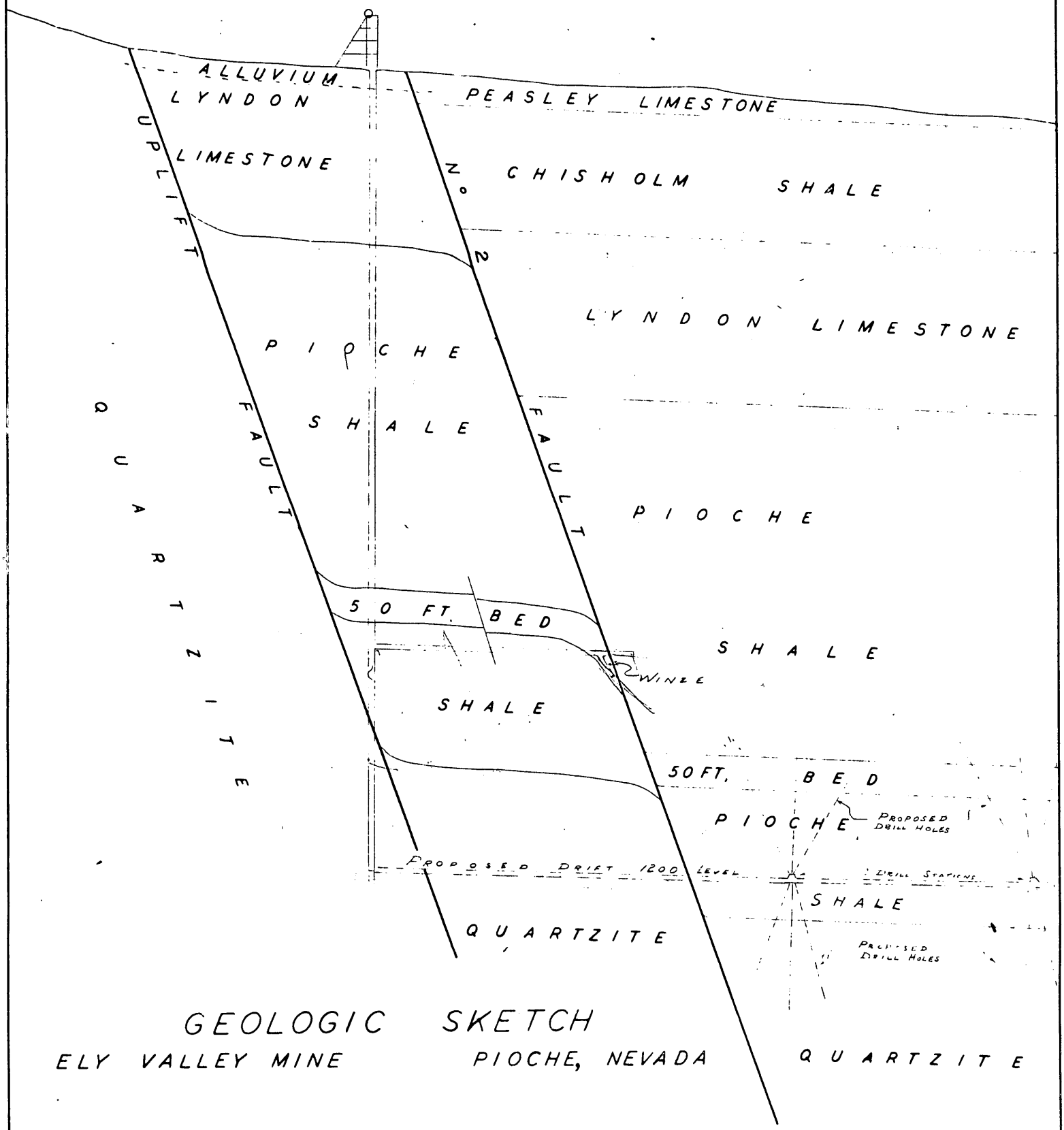
Ely Valley Mines Inc
by John Janney
Pres.

1/ The complete job is the unit here.



GEOLOGIC SKETCH

ELY VALLEY MINE PIOCHE, NEVADA



GEOLOGIC SKETCH

ELY VALLEY MINE PIOCHE, NEVADA

#66

Form MF-100
(March 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. Dma-66X

Date received 6/15/51

ELY VALLEY MINES, INC.,
Pioche, Nevada
DOCKET no. DMA-66

Date of Application Nov. 10, 1950
Supplemented on March 30, 1951
" " May 25, 1951

Name and address of applicant

Date June 7, 1951

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) Necessity Certificate pursuant to the provisions of Sec. 124-A (Amortization Deduction) of Internal Revenue Code, 1950, (5) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (6) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (*a*) What are the chief mine, mill, or smelter products?
   (*b*) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (*a*) Linear feet of shafts.
   (*b*) Linear feet of drifts and crosscuts.
   (*c*) Linear feet of tunnels or adits.
   (*d*) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (*a*) Distance and direction from nearest town and shipping point.
   (*b*) Mining district.
   (*c*) Township, Section, Range.
   (*d*) County, State.
4. (*a*) State whether or not property is now in operation, and if in operation, by whom operated.
   (*b*) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production _____

   If not in production or operation, estimated date when production will begin _____
6. Experience of operators:
   Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who manage the project.
7. History:
   (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (*b*) State briefly the known history and production of adjoining and neighboring properties.
   (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is 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 Interest in Applicant (d)	Number of Shares Held in Applicant Corporation		Life Insurance Carried for Benefit of Applicant	
				Common (e)	Preferred (f)	Amount (g)	Net Cash Surrender Value After Loans (h)
	Total		x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet.

9. 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	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)					
3. Quantity and grade of product sold or shipped (specify units of measure)					

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change.

12. Ore or Mineral Reserves:

(a) Describe the ore or mineral deposit briefly. Accompany the application with any available report on the geology and ore reserves.

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

15. Power:

State amount of power used, rate per hour, and source thereof.

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

17. Equipment and Facilities:

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

_____ (Name of company)

By _____ (Signature of authorized official)

_____ (Date)

_____ (Title)

Title 18, U. S. Code (Crimes), Section 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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. DMA-66X

Date received 6/15/51

Participation

ELY VALEY MINES, INC.,

Pioche, Nevada

DOCKET no. DMA-66

Date of Application Nov. 10, 1950

Supplemented on March 30, 1951
" " May 25, 1951

Name and address of applicant

Date June 7, 1951

For answer see sheets enclosed.

FILL IN THIS BLOCK

Date of application

Estimated cost

Mineral or metal

Percentage of Government participation

Location of mine

Date of filing MF-100

DMA Docket Number, if available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

---------- By ----------
(Name of company) (Signature of authorized official)

---------- ----------
(Date) (Title)

Title 18, U. S. Code (Crimes), Section 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.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

Attached Sheet #3 and Balance Sheet should be made a part of the docket file which contains the fourth copy of application form MF-103; three copies having been submitted in the docket file by Washington.

8. Names and addresses of the officers and directors and the five largest stockholders, are as follows: -

			Salary last fiscal year
John Janney	Pres., Gen. Mgr., Direc., Pioche, Nev.		$ 7,200.00
Richard K. Baker,	Vice. Pres. & Direc.	" "	2,530.00
E. G. Woods,	Secy., Treas., & Direc.	" "	5,320.00
George Heidenreich,	Director	" "	4,800.00
Sherman D. Hickman,	"	" "	3,960.00
Francis G. Shaw,	"	272 Woodland Rd., Chestnut Hill, Mass.	none
Wm. S. Wellington,	"	Greenwich, Conn.	none

The five largest stockholders are:

John Janney E. G. Woods, Francis G. Shaw,

Mrs. Francis G. Shaw, Wm. S. Wellington.

9. The Ely Valley Mine was incorporated January 1, 1949, with an authorized issue of 1,800,000 shares of authorized stock (all common stock), Par Value $1.00 per share.

The number of shares outstanding 1,230,450.

There have been no dividends paid. Profits derived from the operation have been reinvested in development and equipment together with the work of maintenance of the mine during period of the depressed metal prices, which closed down most of the mines of this type in the United States, and which has left us short of cash.

10. Production: Lead-zinc concentrates.

(b) Answer above (see 6)

11. No change is contemplated in the present rate of production until the ore beyond the #2 fault is opened up, after which it is expected that the production rate will be increased to 800 tons per day.

Exploration Project
Form MF-103

Applicant
Ely Valley Mines, Inc.,
DMA-66

BALANCE SHEET

April 30, 1951.

ASSETS

Current		
Cash on Hand		5,539.90
Ore in Transit	128,819.11	
Deposits - Trade	836.00	
Accounts Receivable - General	5,321.85	
Accounts Receivable - P.P. & L.	1,579.47	
Notes Receivable	3,600.00	
Accts. Rec. - S. W. Ford, Agent	15,000.00	
R. K. Baker, Trans. Oriental Ref.	7,500.00	
Warehouse Stores	31,061.70	
Prepaid Items	5,244.74	198,953.87
Other Assets - Investments		
Pioche Mines Corp., Inc. Notes		56,162.72
Calaveras Central Gold Mines, Ltd.		60,500.00
Denver Oil Investment		35,000.00
Real Estate Investment		7,000.00
Parent Lakes Mines, Ltd.		1,000.00
Fixed Assets		
Mine Bldgs.	46,315.24	
Mine Machinery & Equipment	428,214.57	
Office Furniture & Fixtures	5,791.02	
Cars & Trucks	63,191.79	
Mill Machinery & Equipment	247,190.73	
Mill Buildings	7,531.28	
Mine Bldgs. - Mendha	3,202.82	
Mine Machinery & Equipment - Mendha	9,446.03	810,883.48
Capitalized Expenses		
Mine Development		384,280.24
Mining Property acquired	100,010.00	
Mining Property paid in stock	900,000.00	1,000,010.00
		$ 2,559,330.21

Exploration Project
Form [illegible]-103

Applicant
Fly Valley Mines, Inc.,
D[illegible]-66

LIABILITIES

Current

Accounts Payable	55,406.86	
Payrolls Payable	7,692.15	
Government Taxes Payable	3,076.31	
State & County Taxes Payable	2,028.34	
Industrial Insurance Payable	1,514.32	
Hospitalization Payable	577.99	
Benefit Insurance Payable	814.30	
Accounts Payable - Lessees	2,405.50	73,517.77

Other Liabilities

Notes Payable		(1) 63,163.54
Advances & Interest - Open acct.		13,760.22

Deferred Liabilities

Accrued Interest Payable - Notes	2,855.00	
Accrued Interest Payable - Open acct. advances	1,425.19	4,280.19
Reserve for depletion	310,116.78	
Reserve for depreciation	654,365.89	964,482.67
Advances against Investments		75,158.59
Operating Surplus after Depletion, Depreciation and Income Tax		11,667.23
Capital Stock authorized	(2) 1,800,000.00	
Unissued Capital Stock	556,000.00	1,244,000.00
Premium on Treasury Stock issued		109,300.00

(1) Of this $63,163.54 is due and Payable from concentrate shipments on basis of $5.00 per ton

(2) Issued 12,304.50
Certificates not issued but obligated for properties turned in 1,135.50
12,[illegible].00

$ 2,559,330.21

Exploration Project
Form MF-103

Applicant
Ely Valley Mines, Inc.,
DMA-66

OPERATING STATEMENT

January 1 - April 30, 1951

Income		
Ore Mined by Company	$ 169,694.68	
Royalties from Lessees	52,878.62	
Services charged	14,627.23	237,200.53
Miscellaneous Income		
Custom Work	350.39	
Hospital Deductions	202.80	
Sale of Supplies	149.40	
Services of Staff to other companies	2,125.00	
Rentals	140.00	
Profit on Sales	684.06	3,651.85
Income		$ 240,852.38
Expenditures		
Mining		
Administrative Costs	46,021.45	
Indirect Costs of Mining - Surface	39,398.96	
Repair Costs	28,557.15	
Stoping Costs - Direct	16,739.99	
Development Costs - Direct	10,999.70	
Mine Maintenance - Direct	7,326.74	
Indirect Costs of Mining - Underground	19,239.85	
	168,287.84	
Milling Costs		
Mill Operation	87,162.96	255,450.80
Net Operating Loss after depreciation		$ 14,597.82

ELY VALLEY MINES, INC.

APPLICATION FOR AID FOR EXPLORATION PROJECT

UNDER MINERAL ORDER NO. 5

General Technical Data

DOCKET No. DMA-66

Form MF-100

1. Produces lead-zinc concentrates.

   By-products: Copper and Cadnium.

2. Ely Valley Mine.

   Main shaft - two compartment manway, depth 1200 ft.

   280 ft. incline shaft.

   Drifts and raises 32,393 ft.

   649 ft. winzes.

   Ely Valley is not flooded, at present pumping 80 gals. per min. The present production capacity of the mine 300 tons per day; with the completion of the exploration project expected to produce 800 tons per day with present equipment.

3. Ely Valley Mine is located three miles NW of Pioche, in the Ely Mining District, Lincoln County, Nevada, and extends for 2 miles along the direction of the mineral belt.

4. (a) Property is now in operation, operated by Ely Valley Mines, Inc. Production at average rate of about 300 tons per day.

   (b) Property is being operated by owner.

5. Property has been in production since 1942.

6. Applicant is owner of property; has opened and developed the mine; opened at the instance of the War Production Board, has produced to December 31, 1950, 560,537 dry tons of ore containing:

112,908,899	lbs.	zinc
6,405,856	lbs.	lead
3,504,159	lbs.	copper
336,197	oz.	silver
7,007	oz.	gold

This production came from an ore assaying:

10.07	%	zinc
.57	%	lead
.31	%	copper
.599	oz.	silver
.012	oz.	gold

The result of operation of the Ely Valley Mine reflects experience of the applicant in that it is to be rated as one of the lowest per ton cost operations of this type in Nevada, and has the reputation of one of the best equipped mines of this type in Nevada. Project will be managed by General Manager of the Ely Valley Mines, Inc., who has been mine manager since incorporation.

7. (a) Previous history of property is set out in the applicant's original request, dated November 10, 1950, addressed to the Bureau of Mines, Reno, and supplementary statement of March 30, 1951, made at the request for additional data from the Regional Director of the U. S. Geological Survey, San Francisco, California, supplemented by additional data May 25, 1951, addressed to the same office. Reference is made to these documents for full particulars, especially to letter of March 31, 1951, to the Regional Director of the U. S. Geological Survey.

8. Names and addressed of the officers and directors and the five largest stockholders, are as follows: -

				Salary last fiscal yr.
John Janney	Pres., Gen. Mgr., Direc.,	Pioche,	Nev.	$ 7,200.00
Richard K. Baker,	Vice. Pres. & Direc.	"	"	2,530.00
E. G. Woods,	Secy., Treas., & Direc.	"	"	5,320.00
George Heidenreich,	Director	"	"	4,800.00
Sherman D. Hickman,	"	"	"	3,960.00
Francis G. Shaw,	"	272 Woodland Rd., Chestnut Hill, Mass.		none
Wm. S. Wellington,	"	Greenwich, Conn.		none

The five largest stockholders are:

John Janney E. G. Woods, Francis G. Shaw,

Mrs. Francis G. Shaw, Wm. S. Wellington.

9. The Ely Valley Mine was incorporated January 1, 1949, with an authorized issue of 1,800,000 shares of authorized stock (all common stock), Par Value $1.00 per share.

The number of shares outstanding 1,230,450.

There have been no dividends paid. Profits derived from the operation have been reinvested in development and equipment together with the work of maintenance of the mine during period of the depressed metal prices, which closed down most of the mines of this type in the United States, and which has left us short of cash.

10. Production: Lead-zinc concentrates.

(b) Answer above (see 6)

11. No change is contemplated in the present rate of production until the ore beyond the #2 fault is opened up, after which it is expected that the production rate will be increased to 800 tons per day.

12. Ore reserves: The ore reserves are being consumed at the present rate of production (300 tons per day) down to the #2 fault. The ore is dislocated by this fault, and the NE side of the fault is thrown down an estimated distance of 400'. The exact distance will be determined by diamond drilling from the drift to be run from the present bottom of the shaft at a depth of 1200'.

The lower bed ore shows on the 800' level thickness of bed of 40', which has been opened for a distance of 1400' laterally in a NW-SE direction, and 300' to 400' laterally in a direction perpendicular to the fault. The ore is dipping and faulting downward to the east and is open from the 900' level with a drift to the SE that encounters the ore on its downward dip at a distance from the shaft of 900'. This has opened up one solid block of ore for these dimensions from which already has been mined to this date over six hundred thousand tons of ore.

The continuation of the ore beyond the #2 fault is reasonably demonstrated by the developments exposing the drag of the ore downward into the fault at different places, 1000' apart.

A geological sketch showing this movement accompanies our previous applications.

This exploration project is part of and in completion of an earlier project, application for which was approved. The shaft was sunk 200' to the 1200' level, but the drifting could not be completed in the time allowed. This earlier application is accompanied by the drawing made available to us by the examining engineer of the U. S. Geological Survey, and is no doubt in the previous files.

(b) The present ore reserves are being exhausted as above stated, but it is hoped the present rate of production can be continued until the exploration program herein is completed. It would be difficult to estimate remaining ore as ore is exposed in a number of places with unmeasured tonnages.

13. A first class graded road has been built from the mine to the mill, a distance of three miles, and is in good condition.

14. Abundant water is available.

15. Power is available from Boulder Dam power generating plant, through the Lincoln County Power District line to Pioche from Boulder Dam, and at present is being used at the rate of 1000 HP for the mine, and 1000 HP for the mill, continuous service.

16. Number of workers at the mine at present: (Payroll for April, 1951)

Miners	33
Hoistmen, Skiptenders, Carpenters, Truck Drivers, Mechanics, etc.	29

In addition there are 21 men per day employed in the milling of the Ely Valley ores.

17. Equipment owned by the Ely Valley Mine, and in serviceable condition, is available for this exploration project as has been stated in May 25th letter of Mr. Ward Smith, Regional Director, U. S. G. S.

This equipment might be considered as having a rental value to be estimated as offsetting the government's outlay, and briefly it would include the shaft, headframe, hoist, storage bin facilities at the mine, the mine crushing plant, fine storage bin, compressor equipment, pumps, motors, blacksmith shop, electrical equipment, including transformer

stations at mine and mill, trucks, machine shops and other facilities, more particularly described in May 25, 1951, letter to Mr. Ward Smith. This equipment would make the pursuit of this project subject to immediate start, and could be pushed to rapid completion.

All of this equipment will be available for the proposed exploration project and a finished mill is available for the operation of the ores after they are ready for extraction.

18. For other conditions or circumstances see original letter of application dated November 10, 1950, and answer to request for fuller information in letter dated March 30, 1951, referred to above, and description of available equipment in letter of May 25, 1951.

The peculiar conditions affecting this operation can be briefly stated as follows: -

The mine was opened during the early period of World War I and $470,500.00 of operating capital was furnished. No dividends have been paid as the proceeds from the operation were spent in equipment, development and mining operations, and in maintaining the mine through the depressed period of metals when so many mines of this class in the country were forced to suspend operations.

Cash reserves at present are correspondingly depleted and aid for this exploration work becomes necessary and is now being asked for. The mine is in a position to apply equipment which represents a total replaceable value of approximately $850,000 to the use in this work. The equipment and facilities are described in above letter of May 25th, and would be used without any rental charge, together with an experienced and trained organization and such cash as is available, left over from its

present operation can be used above what is needed for maintenance.

CERTIFICATION.

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of theirknowledge and belief.

Ely Valley Mines, Inc. By _____
President and Gen. Mgr.

The foregoing data submitted under form 100 is to be supplemented by additional information required by Form 103, as follows: -

Questions already answered in the above are not required to be answered again in form 103, and are hereby referred to for answers thereto.

The remaining questions to be answered are as follows: -

Referring to Form 103 DOCKET No. DMA-66

10. Property involved in the exploration project is the Ely Valley Mine three miles NW of Pioche, Nevada, to start from 1200 ft. level of main shaft and drift approximately 30 deg. East of North for a distance of 1500 ft. The ground to be explored would be above and below this level and would include a lateral distance 500 ft. each

way from the drift along the mineral zone North 70 deg. West, South 30 deg. East.

19. Circumstances called for are set forth in previous information.

20. Minerals are zinc, lead and copper, principally zinc. These deposits are found in massive lime replacement sulfide ore deposits.

21. For full description of work required:

See letter November 10, 1950

March 30, 1951

To recapitulate briefly: -

Drifting 1500 ft. @ 8 ft. per day	187 days
Shaft, pockets, etc.	50 days *
Other work required	160 days
	397 days

* Includes cleaning out ore spills in bottom of shaft.

22. The geological basis of the project is incorporated in the original application in the form of a letter dated November 10, 1950, to the Bureau of Mines, Reno, Nevada, and this is supplemented in the letter of March 30, 1951 to the Regional Director of the U. S. Geological Survey at San Francisco. Accompanying this letter was a cross section geological sketch showing the relation of the drift to the geological structure on the far side of the drift, consisting of Pioche shale column containing three replaceable lime beds, the lower bed of which is the 40 ft. bed from which 600,000 tons has been mined from the present workings.

THE REQUIREMENTS AND COSTS.

23 (a) Below is a tabulation of labor costs by classes, with wages: -

Item #1

Crosscutting - 1500 ft.

Time Schedule

8' per day) 1500 ft. drift (187 days

Direct Cost

2	Miners		
1	Skiptender		
1	Trammer		
4	Men per shift @ average wage per shift including paytoll costs of $17.25	-	69.00
	x 2 shifts		2
			138.00
	Time requirement		187 days
	Labor	$	25,806.00

Material Costs:

Air Lines
Water Lines
Track
Explosives
Drill Steel
Drill Bits
Ventilation
Timber
Slusher Cable — Material $ 9,526.75*

* Based on same ratio of material cost to labor cost as was experienced in prior Government Exploration program approved by R.F.C.

Allocated Costs:

Power
Air
Blacksmithing
Power & Transmission facilities
Repair Costs:
Rock Drills
Mucking Machines
Slushers
Other
Handling of Waste
Surface men - Timber, etc.

Allocated Costs chargeable to Exploration $ 8,660.69**

** Allocated costs based upon same rates established and approved by R.F.C. in allocating of indirect costs in prior government exploration programs. Does not include any cost of overhead.

43,993.44

Item #2

4000 ft. Diamond Drilling @ $5.00 per ft.

Based on assumed contract price $ 20,000.00

* - * - *

Item #3

2 compartment winze	)	
	)	
$4\frac{1}{2}$ x $4\frac{1}{2}$ Hoisting compartment	)	400 ft.
	)	
$4\frac{1}{2}$ x 4 Manway	)	

Time Schedule

4' progress) 400 feet (100 days

Direct Cost

1 Hoistman
1 Trammer
2 Miners

4 Men per shift, average cost per man-shift of $17.25 — 69.00
x 2 shifts — 2
138.00
Time requirement — 100 days

Labor $ 13,800.00*

Material Costs
Air & Water Lines
Explosives
Drill Steel
Drill Bits
Timber Material $ 5,234.48

Allocated Costs as authorized under Item #1 $ 4,758.62**

$ 23,793.10

* - * - *

Item #4

200 ft. Raise

Time Schedule

3.5 ft. per day) 200 feet (57 days

Direct Cost

2	Miners	
1	Trammer	
3	Men per shift, average cost per man-shift of $17.25	$51.75
	Time requirement	57 days
		$ 2,949.75

Material Costs

Air & Water Lines		
Explosives		
Drill Steel		
Drill Bits		
Timber	Material	1,118.87*
Allocated costs as outlined under Item #1		1,017.15**
		$ 5,085.77

* - * - *

Item #5

60 ft. shaft deepening

Time Schedule

2 ft. progress) 60 feet (30 days

Direct Costs

2	Miners		
1	Tuggerman		
3	Men per shift @ average cost per man-shift - Shaft work. Shaft work	20.00	60.00
		x 2 shifts	2
		$	120.00
	Time requirement		30 days
		Labor	$ 3,600.00

Item #5 (Cont'd.)

Material Costs			
Air & Water Lines			
Explosives			
Drill Steel			
Drill Bits			
Timber, etc.	Supplies	$	1,365.52*
Allocated Costs as outlined under Item #1		$	1,241.38**
		$	6,206.90

* - * - *

Item #6

Pocket and Station
to serve 600 Level

Direct Costs			
3 Miners x 19 days - 57 manshifts x $20.00			1,140.00
2 Timbermen x 8 days - 16 manshifts x $18.50			396.00
	Labor	$	1,536.00
Material Cost			
Timber			
Drill Steel			
Drill Bits			
Explosives	Material		2,000.00*
Allocated costs			900.00**
		$	4,436.00

* - * - *

23 (b) Ely Valley Company will furnish supervisors at their expense.

(c) Cost of necessary repairs to existing facilities, structures and buildings will be carried out at expense of applicant.

(d) In answer to cost of necessary installation and additional facilities, structured and buildings, - applicant will furnish all these.

(e) Cost of items of equipment not now owned by the Applicant, which must be purchased by the operator, is as follows: -

Electric Locomotive, batteries and charging equipment	$ 15,000.00
Cars, 2½ ton, 6 @ $900.	5,400.00
Mucking Machine	6,000.00
Drills, 3 @ $750.00	2,250.00
Miscellaneous equipment	5,000.00
	$ 33,650.00

(f) There will be no cost of rental of equipment which the operator proposes to rent.

(g) Rental value of equipment which the operator now owns and which will be devoted to the work is discussed above, in answer to 17 on pg. 5, - this equipment consists of 300 hp hoist, 90 ft. steel headframe, steel mine ore bin 400 tons capacity, crushing and storage for fine ore, steel bin 300 tons capacity, ten trucks, electric transformer station at mine, 1000HP, electric transformer station at mill also 1000 HP, selective flotation zinc-lead concentrating plant 300 ton daily capacity, assay office fully equipped, testing plant, chemical laboratory, etc. For fuller description see letter of May 25, 1951, addressed to Regional Director, U. S. Geological Survey.

(h) Cost of materials and supplies, including items of equipment costing less than $50.00 each, shown above in answer to 23 (a).

(i) Cost of power, water, utilities, and any other items not provided for above, included in estimates under Allocated Costs above 23(a).

24. Time schedule of the project is incorporated in answer to question 23 (a), as to each unit of the work, and the total time required is estimated to be 397 days, which at 26 days per month is equal of 15 months and 7 days. To the extent that certain of this work can be carried on while other work is being carried on the time can be correspondingly shortened, and might be reduced to approximately 14 months.

CERTIFICATION.

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

Ely Valley Mines, Inc. By John Janney
President and Gen. Mgr.

June 7, 1951

Exploration Project
Form MF-103

Applicant
Ely Valley Mines, Inc.,
DMA-66

BALANCE SHEET

April 30, 1951.

ASSETS

Current		
Cash on Hand		5,539.90
Ore in Transit	128,819.11	
Deposits - Trade	836.00	
Accounts Receivable - General	5,321.85	
Accounts Receivable - P.P. & L.	1,570.47	
Notes Receivable	3,600.00	
Accts. Rec. - S. W. Ford, Agent	15,000.00	
R. K. Baker, Treas. Oriental Ref.	7,500.00	
Warehouse Stores	31,061.70	
Prepaid Items	5,244.74	198,953.87
Other Assets - Investments		
Pioche Mines Cons., Inc. Notes		56,162.72
Calaveras Central Gold Mines, Ltd.		60,500.00
Denver Oil Investment		35,000.00
Real Estate Investment		7,000.00
Parent Lakes Mines, Ltd.		1,000.00
Fixed Assets		
Mine Bldgs.	46,315.24	
Mine Machinery & Equipment	428,214.57	
Office Furniture & Fixtures	5,791.02	
Cars & Trucks	63,191.79	
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Mining Property acquired	100,010.00	
Mining Property paid in stock	900,000.00	1,000,010.00
		$ 2,559,330.21

Exploration Project
Form MF-103

Applicant
Ely Valley Mines, Inc.,
DMA-66

LIABILITIES

Current

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Payrolls Payable	7,692.15	
Government Taxes Payable	3,076.31	
State & County Taxes Payable	2,028.34	
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Capital Stock authorized	(2) 1,800,000.00	
Unissued Capital Stock	556,000.00	1,244,000.00
Premium on Treasury Stock issued		109,300.00

(1) Of this $58,163.54 is due and Payable from concentrate shipments on basis of $5.00 per ton

(2) Issued 12,304.50
Certificates not issued but obligated for properties turned in ,135.50
12,440.00

$ 2,559,330.21

Exploration Project
Form MF-103

Applicant
Ely Valley Mines, Inc.,
DMA-66

OPERATING STATEMENT

January 1 - April 30, 1951

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Rentals	140.00	
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Income		$ 240,852.38
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Development Costs - Direct	10,999.70	
Mine Maintenance - Direct	7,336.74	
Indirect Costs of Mining - Underground	19,239.25	
	168,287.24	
Milling Costs		
Mill Operation	87,162.96	255,450.20
Net Operating Loss after depreciation		$ 14,597.82

H ERRES

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA

FOR USE UNDER THE

DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMA-66X

Date received MS-0491

13610

Callahan Zinc-Lead Company, Inc.
Pioche,
Nevada

Name and address of applicant

Date 8/31/51

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (a) What are the chief mine, mill, or smelter products? Zinc concentrates & Lead concentrates
   (b) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (a) Linear feet of shafts. 300 ton flotation mill
   (b) Linear feet of drifts and crosscuts.
   (c) Linear feet of tunnels or adits.
   (d) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (a) Distance and direction from nearest town and shipping point. 1 mi. from Pioche on UP spur
   (b) Mining district. Ely
   (c) Township, Section, Range. Township 1 North, Sec. 14, Range 67 East
   (d) County, State. Lincoln County, Nevada
4. (a) State whether or not property is now in operation, and if in operation, by whom operated. Callahan operates mill for Ely Valley Mines, Inc.
   (b) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production Started 1/16/51

   If not in production or operation, estimated date when production will begin -
6. Experience of operators:

   Describe the mining and general business experience of (a) the applicant, and (b) the person or persons who manage the project. (a) Callahan Zinc-Lead Co.Inc. has been in mining business since June 1912.
7. History: (b) Business Exp. dated from June 1928. Milling Exp. from June 1938.
   (a) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (b) State briefly the known history and production of adjoining and neighboring properties.
   (c) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

16—63792-2

Inapplicable

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is 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 Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: 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)
Joseph T. Hall	Pres. & D.						
R. F. Mahoney	V.P. & D.						
H. J. Hull	V.P. & D.						
E. A. Salo	Treas. & D.						
Alfred Ogden	Secretary						
J. B. Beaty	Director						
W. J. Ryan	Director						
	Total	67,280.76	x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet. The 5 largest stockholders of record are brokerage houses.

9. 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	$ 2,000,000	$ 1,802,409	$ 1	1,802,409	None in over 25 years
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)	Zinc conc. Lead conc.	not producing	not producing	not producing	450 tons 75 tons
3. Quantity and grade of product sold or shipped (specify units of measure)		Shipped as produced.			

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change. Yes, to max. 300 T milled with present equipment.

12. Ore or Mineral Reserves: Inapplicable

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

CALLAHAN ZINC-LEAD COMPANY, INC.
Pioche,
Nevada

Answer to question 16 on Form MF-100

3 - Flotation Operators

3 - " Helpers

3 - Filter Operators

2 - Crusher Operators

2 - Crusher Laborers

1 - Repair and Maint. Man

1 - Mill Laborer

3 - Supervisory personnel

CALLAHAN ZINC-LEAD COMPANY, INC.
Pioche,
Nevada

Answer to Question 17 on Form MF-100

1 - Building - steel frame - concrete foundation - sheet metal covered - housing all mill operating facilities

1 - Building (attached) - wood frame - concrete foundation - sheet metal covered - housing shop facilities

1 - Building (attached) - wood frame - concrete foundation - sheet metal covered - housing crushing facilities

2 - Buildings (attached) - wood frame - concrete foundation - sheet metal covered - housing mill store rooms

1 - Building (detached) - wood frame - wood foundation - sheet metal covered - housing shop store room

1 - Building (detached) - concrete throughout - housing assay and lab facilities

1 - Building (detached) - wood frame and foundation - sheet metal covered - housing office facilities

1 - (Building (detached) - wood frame and foundation - sheet metal covered - miscellaneous storage

3 - Ball mills (1- 8 x 22 Hardinge
(1- 4 x 4 "
(1- 5 x 12 Tube

2 - Classifiers (Drag) 20'

2 - Bonk float cell (1-8 cell, 1-6 cell)

1 - 6' x 6' Einico Filter

2 - 10' x 10' conditioners

1 - Vacuum pump

1 - Compressor

3 - Thickners (1- 24' x 10', 2- 20' x 10')

2 - 4" sand pumps - Wilfley

1 - 3" sand pumps - Wilfley

2 - 2½" Ceur D'Alene sand pumps
2 - 2" " " " "
3 - 4" Diaphragm pumps
1 - 3 'D' Gates Crusher
1 - 36" Telsmith Conc. crusher
1 - #1000 Hardinge fine ore feeder
1 - 21'-9" x 16' steel fine ore bin

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

adjacent 1 mile 1/4 mile gravel - remainder hard surface

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

2 wells producing 275 gall./min. Yes

15. Power:

State amount of power used, rate per hour, and source thereof.

101 KWH .00675 Hoover Dam

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

See attached sheet

17. Equipment and Facilities:

See attached sheet

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

Callahan Zinc-Lead Company, Inc.
(Name of company)

By E. A. Salo
(Signature of authorized official)

5-31-51
(Date)

E. A. Salo
Treasurer
(Title)

Title 18, U. S. Code (Crimes), Section 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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANDON F. STROBEL
Executive Secretary

Form MF-100
(May 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Form approved.
Budget Bureau No. 42-R1026.

GENERAL TECHNICAL DATA FOR USE UNDER THE DEFENSE PRODUCTION ACT OF 1950

NOT TO BE FILLED IN BY APPLICANT

Docket No. DMA66X

Date received MS-0494

13610

Callahan Zinc-Lead Company, Inc.
Pioche,
Nevada

Name and address of applicant

Date 5/31/51

INSTRUCTIONS

This form is to be filed with Defense Minerals Administration, Department of the Interior, Washington 25, D. C. It should be accompanied by appropriate application form when a specific type of Government assistance is requested, in the form of (1) loan, (2) purchase contract, (3) Government guarantee of a private loan, (4) priorities or allocation of mining equipment, and maintenance, repair and operating supplies, and (5) other forms of Government assistance that might arise under the Act. Submit four (4) signed copies of the form and accompanying papers. Name and address should be stamped or typed on each sheet of this form and all accompanying papers. *When a question is inapplicable it should be so stated on the form.* Additional sheets may be attached in answering any questions or in supplying additional information. (IF YOU CANNOT ANSWER A QUESTION, SO STATE.) If a question is answered elsewhere indicate where answered. It is not necessary to answer it again.

GENERAL TECHNICAL DATA

Supply the following information on separate sheets, arranged, numbered, and lettered as indicated:

1. Materials produced:
   (a) What are the chief mine, mill, or smelter products? Zinc concentrates & Lead concentrates
   (b) What are the byproducts, if any?
2. Name(s) and type(s) of mine(s), mill(s), smelter(s), refinery(ies), pit(s), quarry (ies), drilling operation(s). Include old names of property, if any. Show extent of workings, including the following:
   (a) Linear feet of shafts. 300 ton flotation mill
   (b) Linear feet of drifts and crosscuts.
   (c) Linear feet of tunnels or adits.
   (d) Linear feet of other mine openings (explain briefly).

   Indicate whether mine is flooded or not. Describe any pumping problems. Give size or productive capacity.
3. For each operation listed above supply the following:
   (a) Distance and direction from nearest town and shipping point. 1 mi. from Pioche on UP spur
   (b) Mining district. Ely
   (c) Township, Section, Range. Township 1 North, Sec. 14, Range 67 East
   (d) County, State. Lincoln County, Nevada
4. (a) State whether or not property is now in operation, and if in operation, by whom operated. Callahan operates mill for Ely Valley Mines, Inc.
   (b) Are you operating this property as:
   - ☐ Owner.
   - ☐ Lessee.
   - ☐ Contractor.
5. Number of years in production Started 1/16/51

   If not in production or operation, estimated date when production will begin —
6. Experience of operators:

   Describe the mining and general business experience of (a) the applicant, and (b) the person or persons who manage the project. (a) Callahan Zinc-Lead Co.Inc. has been in mining business since June 1912.
7. History: (b) Business Exp. dated from June 1928. Milling Exp. from June 1938.
   (a) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for suspension of operation.
   (b) State briefly the known history and production of adjoining and neighboring properties.
   (c) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

16—63792-2

Inapplicable

8. Names and addresses of Officers, Directors, or Partners, and in addition thereto, the five largest stockholders if applicant is 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 Interest in Applicant (d)	Number of Shares Held in Applicant Corporation: Common (e)	Number of Shares Held in Applicant Corporation: 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)
Joseph T. Hall	Pres. & D.						
R. F. Mahoney	V.P. & D.						
H. J. Hull	V.P. & D.						
E. A. Salo	Treas. & D.						
Alfred Ogden	Secretary						
J. B. Beaty	Director						
W. J. Ryan	Director						
	Total	67,280.76	x x x x x			x x x x x	x x x x x

If more lines are needed continue on separate sheet. The 5 largest stockholders of record are brokerage houses.

9. 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	$ 2,000,000	$ 1,802,409	$ 1	1,802,409	None in over 25 years
Preferred stock	$	$	$		

*Indicate period covered.

10. Production:

Item	Kind of Product (a)	1948 Total (b)	1949 Total (c)	1950 Total (d)	Present Average Monthly (e)
1. Quantity of product mined or quarried (Short, long, metric tons; barrels; pounds; etc.)					
2. Quantity of product processed (specify unit of measure and type of process)	Zinc conc. Lead conc.	not producing	not producing	not producing	450 tons 75 tons
3. Quantity and grade of product sold or shipped (specify units of measure)		Shipped as produced.			

11. Do you contemplate a change in the present average monthly rate of production? If so, state estimated maximum monthly production and basis of change. Yes, to max. 300 T milled with present equipment.

12. Ore or Mineral Reserves: Inapplicable

(a) Describe the ore or mineral deposit briefly. Accompany the application by any available report on the geology and ore reserves.

CALLAHAN ZINC-LEAD COMPANY, INC.
Pioche,
Nevada

Answer to question 16 on Form MF-100

3 - Flotation Operators

3 - " Helpers

3 - Filter Operators

2 - Crusher Operators

2 - Crusher Laborers

1 - Repair and Maint. Man

1 - Mill Laborer

3 - Supervisory personnel

CALLAHAN ZINC-LEAD COMPANY, INC.
Pioche,
Nevada

Answer to Question 17 on Form MF-100

1 - Building - steel frame - concrete foundation - sheet metal covered - housing all mill operating facilities

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1 - Building (detached) - wood frame - wood foundation - sheet metal covered - housing shop store room

1 - Building (detached) - concrete throughout - housing assay and lab facilities

1 - Building (detached) - wood frame and foundation - sheet metal covered - housing office facilities

1 - (Building (detached) - wood frame and foundation - sheet metal covered - miscellaneous storage

3 - Ball mills (1- 8 x 22 Hardinge
(1- 4 x 4 "
(1- 5 x 12 Tube

2 - Classifiers (Drag) 20'

2 - Bank float cell (1-8 cell, 1-6 cell)

1 - 6' x 6' Einico Filter

2 - 10' x 10' conditioners

1 - Vacuum pump

1 - Compressor

3 - Thickners (1- 24' x 10', 2- 20' x 10')

2 - 4" sand pumps - Wilfley

1 - 3" sand pumps - Wilfley

2 - 2½" Coeur D'Alene sand pumps
2 - 2" " " " "
3 - 4" Diaphragm pumps
1 - 3 'D' Gates Crusher
1 - 36" Telsmith Cone crusher
1 - #1000 Hardinge fine ore feeder
1 - 21'-9" x 16' steel fine ore bin

(*b*) If deposit is other than placer:

(1) Submit assay plans and/or sections showing location and size of proved (measured) and probable (indicated) ore or mineral reserve.

(2) State the tonnage (indicate type of ton) and grade of each class of ore reserve, as above, and show how computed. Tabulated total ore reserve as follows:

TOTAL ORE OR MINERAL RESERVES

Ore or Mineral Reserve	Estimated Tons (a)	Metal or Mineral Content Per Ton (Grade) (b)	Gross Value Per Ton (c)	Recoverable Unit Value Per Ton (d)	Estimated Cost of Production Per Ton (e)
Measured (proved)					
Indicated (probable)					

(*c*) If placer:

(1) Give estimated total yardage and average marketable mineral content of each deposit.

(2) Submit map showing location of placer deposit and surrounding area, with all test holes or pits. Submit logs of each hole and test pit with depth and average value of each.

(3) Describe gravel, stating whether fine, medium or coarse; loose, tight, cemented, or frozen, and whether it contains stumps or boulders more than 1 foot in diameter; if so, how large, and in what proportion.

(4) Describe bedrock, giving type (granite, sandstone, shale, etc.) and state whether it is hard or soft, smooth, uneven or rough.

(5) Describe overburden, stating whether loose, tight, or cemented; fine or coarse textured; furnish estimate of average thickness and total amount.

(6) Tabulate the reserves using the form outlined above for ore or mineral reserves.

13. Access Roads:

Give road distances to shipping, supply and residence points, stating kind and condition of roads.

adjacent 1 mile 1/4 mile gravel - remainder hard surface

14. Water Supply:

State source and quantity of water available for operations and whether sufficient for all seasons of year.

2 wells producing 275 gall./min. Yes

15. Power:

State amount of power used, rate per hour, and source thereof.

101 KWH .00675 Hoover Dam

16. Labor:

State number and classes (miners, muckers, millmen, etc.) of men employed during a recent representative payroll period.

See attached sheet

17. Equipment and Facilities:

See attached sheet

Describe present equipment on the property, including buildings. (State condition.) List major pieces of equipment now owned or controlled and in serviceable condition available for this operation.

18. Are there any particular conditions or circumstances affecting your operations that are not described above? If so, explain.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

Callahan Zinc-Lead Company, Inc.
(Name of company)

By E. A. Salo
(Signature of authorized official)

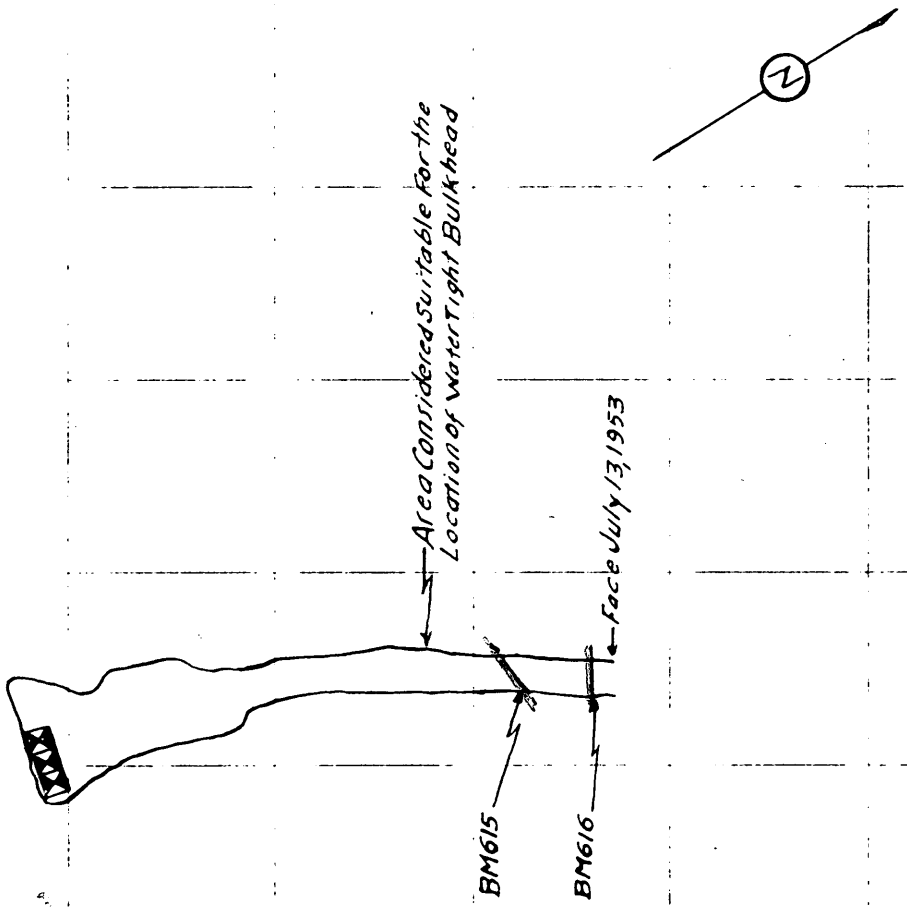
5-31-51
(Date)

E. A. Salo
Treasurer
(Title)

Title 18, U. S. Code (Crimes), Section 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.

U. S. GOVERNMENT PRINTING OFFICE 16—63792-1

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 1 - 1951
LANDON F. STROBEL
Executive Secretary



EIY VALLEY MINES, INC.

LINCOLN COUNTY, NEVADA

Plan: 1200 Level

Contract No.: Idm-E 404

Scale: 1" = 40 ft.

MAP

BELONGS

HERE

#20 Imap.

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

PROJECT SUMMARY REPORT

By: J. W. Alt June 25, 1958

1. Docket No. DMEA-66x (Lead-Zinc)
Contract No. Idm-E404
Property: Ely Valley Claims
Lincoln County, Nevada

Operator: Ely Valley Mines, Inc.
Pioche, Nevada

Operator's Property Rights: Owner

2. Contract dated September 23, 1952. To complete - 16 months.

Work Authorized (Short form)

1. Clean out and rehabilitate 50 feet of present shaft just above the 1200 level.

2. Deepen present shaft 20 feet.

3. Construct a pocket below the 1200 level.

4. Construct water tight bulkhead in the 1200 level crosscut.

5. Crosscut from the shaft at the 1200 level in a northwesterly direction for a distance of approximately 1600 feet.

6. Diamond drill 12 holes from the 1200 foot level. The total drilling is not to exceed 3,000 feet.

Estimated Cost of the Project

Clean out and rehabilitate 50 feet of shaft @ $30.00/ft.	$ 1,500.00
Deepen present shaft 20 feet @ $100.00/ft.	2,000.00
Construct pocket below the 1200 level	1,200.00
Construct water tight bulkhead in the 1200 foot level crosscut	3,000.00
Crosscut from the shaft on the 1200 foot level, 1600 feet @ $35.00/ft.	56,000.00
Diamond drill 3,000 feet @ $7.50/ft.	22,500.00
Total Estimated Cost of the Project	$86,200.00
Government Participation @ 50%	$43,100.00

Amendments

No. 1 Effective July 9, 1953.

Changes description of the work on the 1200 foot level.

No, 2 Effective September 1, 1953.

Extends completion time from 16 months to 26 months.
Recesses work of the project from September 1, 1953 to March 1, 1954.
Increases royalty payment period from 10 years to 11 years.

No. 3 Effective September 1, 1953.

Suspends work of the project from September 1, 1953 to May 1, 1954.
Extends completion time from 26 months to 28 months.

No. 4 Agreed March 9, 1955.
Suspends work of the project from August 31, 1954 to August 16, 1955.
Extends completion time to August 23, 1956.
Increases royalty payment period from 10 years to 12 years.

No. 5 Agreed February 15, 1956.

Suspends work of the project from August 17, 1955 to July 1, 1956.
Completion time is further extended to September 23, 1957.
Extends royalty payment period to September 23, 1965.
Contains a pseudo-certification.

Work Completed

Clean out and rehabilitate present shaft above 1200 foot level, 50 feet @ $30.00/ft.	$ 1,500.00
Deepen present shaft, 19.25 feet @ $100.00/ft.	1,925.00
Construct pocket below the 1200 foot level	1,200.00
Crosscut from shaft at the 1200 foot level 156.7 feet @ $35/ft.	5,484.50
Total Cost	$10,109.50
Government Participation @ 50%	$ 5,054.75

Work on the project commenced on November 28, 1952 and was discontinued in July 1953 and the contract was terminated, September 1, 1953 by Amendment No. 5.

3. Report of Review dated July 17, 1956.

Total cost as billed by contractor	$10,109.50
Exceptions	0.00
Total accepted cost	$10,109,50
Government participation @ 50%	$ 5,054.75

Operator's final report waived by Field Team
Field Team final report dated November 30, 1957

4. Certification date: A Pseudo-Certification by Amendment No. 5.

5. Comments

The target area of the proposed work was never reached. Every effort on the part of the Government was made to give the operator sufficient time to make financial arrangements so that the work could be concluded. It eventually became evident that the operator could not proceed with the work and he was notified that the contract was terminated as of September 1, 1953.

The part of the exploration completed did not disclose minable deposits of lead-zinc ore because the work was stopped prior to reaching the geological target.

The past production record, ore reserves and the geological formations observed all indicated the possibility of discovering significant deposits of zinc ores in the Susan Duster and/or the CM limestone beds in the hanging wall of the No. 2 fault which would be explored by crosscutting 1,600 feet easterly on the 1200 foot level.

Government assistance to an operator with sufficient funds to carry on his participation in exploration should warrant favorable consideration.

J. W. Alt

JWAlt/ss 6/27/58
Copy to: Docket
Mr. Johnson
Chron.

☒ Audited RfR-7/17/56 WORK ANALYSIS SHEET - DMEA PROJECT ☐ Actual Cost

☒ Certified Pseudo (Amend #5) Analysis as of 12/23/54. ☒ Agreed Unit Costs

Incl. Voucher for August 1954.

Name Sly Valley Mines, Inc. Docket No. DMA-66

State Nevada Commodity Lead-Zinc Idm-E No. 404

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	1600' @$35.00	$56,000.00	156.7'	$5,484.50	$5,484.50
Raising					
Shafts	20' @$100.00	2000.00	19.25'	1,925.00	1,925.00
Winzes					
Drilling (Specify) Diamond	3000' @$7.50	22,500.00			
Surface Excavation					
Underground Excavation (10'x10'x15') Construct Pocket		1,200.00		1,200.00	1,200.00
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation 50'@$30.00		1,500.00		1,500.00	1,500.00
New Building, Improvements, etc.					
Other (Specify) Bulkhead		3,000.00			
Totals		$86,200.00		$10,109.50	$10,109.50

Completion date changed to Aug. 23, 1956 by Amend #4 (Change Pocket).
Operator's Final Report waived.

Amend. #5.
Recess from Aug 17, 1955 - July 1, 1956.
Completion date:- Sept 23, 1957.
Royalty Repayment period to Sept 23, 1965.
Pseudo and automatic termination clause automatically terminated by Amend #5 - 7/1/56.
Field Exam Final Report rec'd. - Dec. 6, 1957.
Project Summary Report written.

Prepared by W. K. Klugescheid

71626

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

PROJECT SUMMARY REPORT (Incomplete)
(No Final Operator's or Field Team reports or Final Audit)

By: J. W. Alt September 22, 1955

1. Docket No. DMA-66X (Lead-Zinc)
Contract No. Idm-E404
Property: Ely Valley Claims
Lincoln County, Nevada

Operator: Ely Valley Mines, Inc.
Pioche, Nevada

Operator's Property Rights: Owner

2. Contract dated September 23, 1952. To complete - 16 months.

Work Authorized. Short Form Contract, Agreed Unit Cost.

1.	Clean out approximately 50 feet of the present shaft above the 1200-foot level, install shaft timbers and guides, @ $30.00/ft.	$ 1,500.00
2.	Deepen present shaft 20 feet @ $100.00/ft.	2,000.00
3.	Construct a pocket below the 1200-foot level.	1,200.00
4.	Construct water tight bulkhead in the 1200-foot level	3,000.00
5.	Crosscut from the shaft at the 1200-foot level in a northeasterly direction for a distance not to exceed 1600 feet @ $35.00/ft.	56,000.00
6.	Diamond drill from the 1200-foot level. 6 holes to be drilled upward and 6 downward, not to exceed 3,000 feet of drilling @ $7.50/ft.	22,500.00
	Total Estimated Cost of the Project	$86,200.00
	Government's participation @ 50%	$43,100.00

Amendments

No. 1 Dated August 26, 1953, effective July 9, 1953.

In Exhibit "A" under "Description of the Work" add:

7. Widen the 1200-foot level in frontof the shaft to allow space for unloading into loading trench and excavate water sump at shaft on the same level. Total footage 50.9 feet.

This does not change the amount of the contract as item 5 remains the same or $56,000.00.

No. 2 Dated November 3, 1953, effective September 1, 1953.

Extend completion time from 16 months to 26 months.

Recess project work from September 1, 1953 to March 1, 1954.

No. 3 Dated March 10, 1954, effective September 1, 1953.

Recessed project from September 1, 1953 to May 1, 1954.

Completion time is extended to 28 months.

No. 4 Dated March 9, 1955.

Work suspended beginning August 31, 1954, and ending not later than August 16, 1955.

The royalty payment period increased from 10 to 12 years.

Work Completed - Per last MF-104 in our files.

Shaft cleanout, 50 feet @ $30.00/ft.	$ 1,500.00
Shaft sinking, 19.25 ft @ $100.00/ft.	1,925.00
1200-foot level pocket	1,200.00
1200-foot level sump, widen level, and crosscut total 156.7 feet @ $35.00/ft.	5,484.50
Total cost before audit	$10,109.50
Government's participation @ 50%	$ 5,054.75

3. Audit Certificate

No final audit to date.

4. Certification date - To date not made.

As of September 22, 1955. No final Field Team report or Operator's final report.

5. Comment.

The crosscut had being advanced 115 feet northeasterly from the shaft and at the time operations were suspended the target of the exploration project had not been reached and no ore had been found in this exploration work.

Due to financial difficulties the Operator requested numerous recesses and extensions of completion time.

The Operator did not resume operations on August 16, 1955. We concur with the Field Team, Region II, that this contract be terminated and are recommending that this agreement contain a pseudo-certification.

J. W. Alt

J. W. Alt

JWAlt/er 9/23/55

Copy to: Docket
Base Metals
Chron.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/26/66	Kirkham	120
		110
		220

May 25, 1966

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

In accordance with Amendments Nos. 4 and 5 and Annex II of the contract, royalty was payable on all minerals produced from the land described in Article 2 of the contract dated September 23, 1952, for a period of 13 years from the date of the contract or until the total net amount contributed by the Government was fully repaid. On August 27, 1963, the matter of delinquent royalty in the amount of $231.46 on the subject contract was referred to the Claims Division, General Accounting Office.

In reply to our letter of April 14, 1966, the Claims Division advised in a Notice of Case Status dated May 4, 1966, there has been no collection and that the file is closed. As the royalty period expired on Sept. 23, 1965, and in view of the information received from the General Accounting Office, it is recommended that the account for the subject contract be closed.

Frank E. Johnson

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
DMEA Docket
Region II w/cy of GAO Notice
Budget & Finance w/cy of GAO Notice
OME Reading
120M

MMerrithew/mm (5/25/66)

23263

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

MAY 4

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1966
O. M. E.
RECEIVED
MAY 24 1966
INITIALS | CODE
74 | 110
220

CLAIMS DIVISION
IN REPLY PLEASE QUOTE
Z- 2244271

NOTICE OF CASE STATUS

To: Chief, Office of Minerals Exploration, U.S. Department of the Interior, Washington, D.C. 20242

☐ Veterans Administration

☐ Railroad Retirement Board

☐ Social Security Administration
Payment Center:
( ) Baltimore ( ) New York
( ) Birmingham ( ) Philadelphia
( ) Chicago ( ) San Francisco
( ) Kansas City

Agency File No. DMEA-66 (Zinc-Lead)

Name Ely Valley Mines, Inc.

Amount of debt reported $ 231.46

Prior C-92 issued None

Sir:

The status of our file in this case is as follows:

A. (X) File closed
( ) Liquidated
( ) Balance uncollected $
(X) Uncollectible
( ) Judgment by Department of Justice (See 4 GAO 5050.80)
( ) Other

B. ( ) File reopened. This notice cancels the prior C-92 identified above. The debtor has made a remittance and our file is reactivated for further collection action. You will be furnished another C-92 when we again close our file. Please advise as to the current balance of the debt if you have made collections since receiving our prior C-92.

C. ( ) This Notice supersedes our prior C-92.

REMARKS: No collections by G.A.O.

See letter of April 14, 1966 attached.

Very truly yours,

For Chief, Debt Branch

C-92 (Rev. 5/21/65) 16—78752-1 GPO

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/14		110
		120
		220

APR 14 1966

Claims Division
General Accounting Office
Washington, D. C. 20548

Re: MMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract I4s-2404

Gentlemen:

Reference is made to our letter of August 27, 1965, concerning the status of delinquent royalty in the amount of $231.44 on minerals production applicable to the subject contract.

Please advise us to the status of this account.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region II w/cy Mr. Campini's letr. 4/5/66 and MME Form 63
OME Reading File
120M

FEJohnson/gla 4-14-66

23263

AMERICO L. CAMPINI
23 MANOR ROAD
FAIRFAX, CALIFORNIA

OFFICIAL COPY
O. M. E.
INITIALS CODE
220

April 5, 1966

Mr. Frank E. Johnson, Chief
Office Minerals Exploration
U. S. Department of Interior
Washington, D. C.

RE: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Pioche, Nev.
Contract Idm-E404

Dear Mr. Johnson:

The mines as described above are not in operation.

The undersigned was appointed Receiver for the mining properties in Civil Action in the U. S. District Court, Las Vegas, Nevada Action 311.

There is no mining on said properties nor has there been any mining since the receiver took over the properties pursuant to the Court Order appointing said receiver.

A judgment was handed down for the benefit of the stockholders against John Janney and no mining can be done until the stockholders determine a reorganization.

Enclosed you will find MME Form 63 - revised 7-65 filled out as per your request.

Very truly yours,

Americo L. Campini

Americo L. Campini, receiver

ALC:s
encs

8/12/35

Mr. Director,

Treasury report April 9/23/35. Mr. Delfrey said not to close until security matter is checked,

Wm. to S.A.C.

Referred to S.A.C. — 8/29/63

MME Form 63
Revised 7-65

DMEA-66
Idm-E404

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
AND PROJECT UNDER ROYALTY AGREEMENT

From January 1965, to September 23, 1965

1. XXXXXX , has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [ ] No [X]

Under Civil 311 District Las Vegas, Nev. undersigned receiver appointed Mar 10, 1962

From January 1965, to September 23, 1965

2. XXXXXX , has there been any production from the land subject to the contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser. **NO MINING OPERATION**

XXXXX	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	X	Tons	X	X
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes [ ] No [X]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value
X	NONE	X

Submitted by:

Name Americo L. Campini Title Receiver

Address 23 Manor Rd. Date April 5, 1966

Fairfax Calif.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

January 27, 1966

Mr. Americo L. Campini
23 Manor Road
Fairfax, California

Re: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idn-B404

Dear Mr. Campini:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

(Signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

CALIF.

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 500916	NAME OF SENDER Office of Minerals Exploration, U. S. Geological Survey
CERTIFIED NO.	STREET AND NO. OR P. O. BOX Department of the Interior
INSURED NO.	CITY, STATE, AND ZIP CODE Washington, D. C. 20242

POD Form 3811 Sep. 1963

66

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☒ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE *(must always be filled in)*

X Emma Compton

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

X 23 Manor Rd, Fenford

DATE DELIVERED

APR 4 - 1966

SHOW WHERE DELIVERED *(only if requested)*

C55—16—71548-5—F GPO

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
1/21	[illegible]	110
	[illegible]	100
		320

JAN 21 1965

Mr. Andrico L. Gumpini
23 Manor Road
Fairfax, California

Re: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Nbr-2404

Dear Mr. Gumpini:

Thank you for your letter to Mr. Selfridge of December 31, 1964, enclosing MME Form 63 sent you on November 17, 1962.

Enclosed for your information and filing is a copy of the contract DMEA executed by Ely Valley Mines and a copy of Amendment No. 3 indicating that the royalty obligation continues until September 23, 1965. Under the contract, the Government's contribution amounted to $5,654.75, none of which according to our records has been repaid.

Sincerely yours,

George Fumich, Jr.

(pl)

Acting Director

Enclosures

GCSelfridge/mm (1/19/65)
cc: Director's Reading File
Region II w/cy of incoming ltr + 63
Docket
Mr. Selfridge
Code 120M

23263

AMERICO L. CAMPINI
22 MANOR ROAD
FAIRFAX, CALIFORNIA

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 15 1965
INITIALS | CODE
amg | 800
| 100
| 110
mm | 120 | 120

December 31, 1964

Mr. George C. Selfridge, Chief
Division of Exploration Operations
Department of Interior, U. S.
Office of Minerals Exploration
Washington 25 D. C.

RE: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Dear Sir:

In reply to your letter of Nov. 17, 1964 my apology for the delay in answering this was due to my absence from the city.

The undersigned was appointed Receiver March 18, 1962 by the Hon. Roger T. Foley, Sr., Judge of the U. S. Federal Court, District of Las Vegas, Nevada in Civil 311. Said action was brought by the stockholders for the benefit of the stockholders.

In checking the records, now in my custody, I am unable to find the contract which is described above. Undoubtedly these documents were removed or concealed when I took over.

Will you kindly advise me when this contract was entered into, for how long a period did it cover and such other information as may prove helpful. I am making a report to Judge Foley and wish to advise him of the facts. I have contacted the office in San Francisco and discovered that John Janney failed in making a proper report and the royalty payment thereon, this dating back before I was appointed.

There is no mining on the property, to my knowledge, at the present time, nor has there been any operation since the undersigned was appointed receiver.

I will appreciate any advice you may give and the information about the termination date of the above Contract Idm-E404.

Sincerely yours,

Americo L. Campini

Americo L. Campini

ALC/s
encls

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

November 17, 1964

Re: DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. Americo Campini
Receiver, Ely Valley Mines, Inc.
23 Manor Road
Fairfax, California

Dear Sir:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

MME Form 63
Revised 3-62

EMBA-66
I-2484

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since December 1962, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☒

   The mining properties are in litigation Action 311 Civil U. S. Federal Court, District of Las Vegas, Nevada Hon. Roger T. Foley, Sr.,

2. Since December 1962, has there been any production from the land subject to the contract? Yes ☐ No ☒

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Not to the knowledge of the Receiver	Quantity	Value
	—	—

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore	X	Tons	X	X
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name _____ Title _____

Address _____ Date _____

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO. 598493	NAME OF SENDER OFFICE OF MINERALS EXPLORATION
CERTIFIED NO.	STREET AND NO. OR P. O. BOX DEPT. OF THE INTERIOR
INSURED NO.	CITY, ZONE AND STATE WASHINGTON, D. C., 20240

POD Form 3811 Apr. 1962

C55—16—71548-5—F

DMEN 66

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Emerson Compton

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

23 Grandal Fairfax, Cal.

DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)
DEC 2 - 1964	

C55—16—71548-5—F GPO

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
8/27	Talbut	800
	Swan	500
8/27	Ouellette	120
	Cline	110
4	Fromm	100
		220

AUG 27 1963

Claims Division
General Accounting Office
Washington 25, D. C.

Re: DMEA (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Gentlemen:

In accordance with the provisions of 4 GAO 5000 and Comptroller General's decision B-136448 there is referred to you the matter of delinquent royalty in the amount of $231.46 on minerals production applicable to Defense Minerals Exploration Administration contract Idm-E404. The facts pertinent to the determination of this debt and the collection efforts of this office, as successor to the DMEA, follow.

On September 23, 1952, Ely Valley Mines, Inc., a Nevada corporation, entered into exploration project contract Idm-E404 with the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration. In general, this contract as amended provides that: (a) the contractor (hereinafter referred to as the Operator) shall conduct an exploration project for zinc and lead; (b) the Government will pay to the Operator 50 percent of the agreed costs for units of exploration work actually performed; and (c) the Operator, as principal if the producer or as surety if not the producer, shall pay to the Government a percentage royalty on all minerals produced from the land for a period of 13 years from the date of the contract or until the amount contributed by the Government is fully repaid.

Under the provisions of Amendment No. 5, the exploration work was terminated effective September 1, 1953, for failure of the Operator to resume contract work by July 1, 1956. The Government contributed an aggregate of $5,054.75 to the $10,109.50 acceptable costs of the exploration work performed. No production of minerals subject to royalty under the contract, as amended, was ever reported by the Operator.

43683

During 1962 it came to the attention of this office that manganese ore had been shipped during 1953 and 1954 from the Ely Valley Mine and sold during June 1954 to the Combined Metals Reduction Company. By letter dated August 28, 1962, the Operator confirmed that this ore was produced from land (the Ely Valley Claim) under the contract. Subsequent correspondence with the purchaser established the quantities purchased and the proceeds of the seven lots of ore involved and a confirmation that no other ores were purchased thereafter from the Operator. It was found that royalty of $231.46 was due to the Government at the contractual rate of 1½ percent on the total proceeds of $15,430.54. These findings are set forth in a Report of Royalty Review dated January 3, 1963.

By letter dated January 24, 1963, our field representative in San Francisco submitted a copy of the Report of Royalty Review to Americo Compini, Receiver, 23 Manor Road, Fairfax, California, and requested remittance of the delinquent royalty. Mr. Compini was appointed receiver over the affairs of the Operator by a March 16, 1962, order of the United States District Court for the District of Nevada under Civil No. 311.

Neither reply nor remittance was received from Mr. Compini even though a follow-up demand was made by the field representative on March 28, 1963. Mr. Compini, however, informally advised the field representative that the request for payment should be directed to the U. S. District Court. Accordingly, on May 7, 1963, this office directed a request to the Clerk of the Court, who replied on May 22, 1963, that correspondence in the matter should be addressed to Sullivan, Roche, Johnson & Farrahar, 220 Bush Street, San Francisco, California, Attorneys for the Receiver.

A letter addressed to the Attorneys on May 24, 1963, resulted only in the receipt of a copy of the Attorneys' May 31, 1963, letter to the Receiver requesting information in order that a petition to the Court might be prepared. Another letter addressed on July 24, 1963, to the Attorneys and requesting advice as to the status of the petition remains unanswered as of this date.

Two copies each of the following documents, as referred to in the preceding paragraphs, are enclosed:

(1) Contract Idm-2404, including Amendments Nos. 4 and 5 and Annex II, but excluding Exhibit "A", Amendments Nos. 1, 2, and 3, and Annex I, which are not considered pertinent to the matter of the indebtedness;
(2) Operator's August 28, 1962, letter;
(3) Report of Royalty Review, dated January 3, 1963;
(4) Letter of January 24, 1963, to Receiver;

(5) Letter of March 28, 1963, to Receiver;
(6) Letter of May 7, 1963, to the Clerk of the Court;
(7) Letter of May 22, 1963, from the Clerk of the Court;
(8) Letter of May 24, 1963, to the Attorneys;
(9) Attorneys' letter of May 31, 1963, to Receiver; and
(10) Letter of July 24, 1963 to the Attorneys.

All means administratively available to this office to effect collection of the $231.46 indebtedness for royalty have been unsuccessful. Accordingly, the matter is reported to you for such action as may be deemed appropriate. In the event of collection, it is requested that the proceeds be deposited to "14X4401 Revolving Fund, Defense Production Act, Interior".

Sincerely yours,

George Fumichi, Jr.

Director

Enclosures

EDTalbert/cac
August 27, 1963

cc: Director's reading file
CA & A Division
Fiscal Section
Region II

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/24	Talbert	800
	Drawer	500
	Selfridge	120
7/24	Johnson	110
		100
		220

JUL 24 1963

Sullivan, Roche, Johnson & Farrahar
220 Bush Street
San Francisco, California

Re: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Gentlemen:

On the suggestion of the Clerk of the United States District Court, District of Nevada, we addressed a letter to you on May 24 regarding the indebtedness of Ely Valley Mines, Inc., for royalty delinquently due to the Government since 1954 under the referenced contract. The only acknowledgement received to date has been a copy of your May 31 letter to Mr. Americo Campini, Receiver, requesting him to present to you all information in the matter in order that the Court might be petitioned for instructions.

As we advised in our May 24 letter, we shall be required to refer this indebtedness to the Comptroller General of the United States unless a motion requesting the Court's authorization of payment is filed promptly. Accordingly, your advice as to the present status of the petition will be appreciated.

Sincerely yours,

George Fumich, Jr.

Director

EDTalbert/ama 7-24-63

cc:
Docket
Director's Reading File
CA & A Division
Region II

43683

SULLIVAN, ROCHE, JOHNSON & FARRAHER
ATTORNEYS AT LAW
MILLS TOWER, 220 BUSH STREET
SAN FRANCISCO 4
DOUGLAS 2-2822

THEODORE ROCHE, JR.
THEODORE A. KOLB
VINCENT J. MULLINS
ARTHUR H. CONNOLLY, JR.
MATT I. SULLIVAN (1857-1937)
THEO. J. ROCHE (1876-1958)
HIRAM W. JOHNSON (1866-1945)
GERALD J. O'CONNOR
ROBERT C. NEWMAN
LESTER A. WEST
ALBERT BIANCHI
DANIEL H. DIBERT

JAMES FARRAHER
COUNSEL

SANTA BARBARA OFFICE
205 EAST CARRILLO STREET
WOODLAND 5-0027

May 31, 1963

OFFICIAL FILE COPY
RECEIVED JUN 1963

DATE		
6/9	[illegible]	800
	Greenwald	500
		220

Mr. A. Campini
23 Manor Road
Fairfax, California

Re: Pioche

Dear Mr. Campini:

We enclose copy of letter we have received from the Department of the Interior with reference to the their claim for royalty.

You should present this matter promptly to the court which appointed you receiver, for instructions.

Please bring in to us all information you have concerning this matter in order that we may prepare a petition for instructions for you.

Very truly yours,

SULLIVAN, ROCHE, JOHNSON & FARRAHER

By

Gerald J. O'Connor

GOC:ah

Re: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nev.
Contract Idm-E404

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/24	Talbert	800
"	on leave	500
"	" "	120
5/24	Johnson	110
5-24	Ferrell	100
		220

MAY 2 4 1963

Sullivan, Roche, Johnson & Farrahar
220 Bush Street
San Francisco, California

Re: BMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Gentlemen:

By letter dated January 24, 1963, the Acting Field Officer, OME Region II, submitted to Mr. Americo Campini, Receiver, Ely Valley Mines, Inc., a copy of a Report of Royalty Review dated January 3, 1963, and requested the prompt remittance of $231.46 indicated therein as delinquently due to the Government. This amount represents a 1½% royalty payable to the Government, under provisions of the referenced contract, on the $15,430.54 proceeds from seven lots of ore sold during June 1954 to the Combined Metals Reduction Company.

On March 28, 1963, the Acting Field Officer addressed a follow-up letter to Mr. Campini and again requested prompt remittance. Neither remittance nor reply was received. On or about May 1, 1963, however, Mr. Campini called upon our Acting Field Officer and stated that you had instructed him to inform us that our request for payment should be addressed to the Clerk of the United States District Court, Las Vegas, Nevada.

In reply to our inquiry the Clerk of the Court has advised this office that as of May 22, 1963, no motion had been filed requesting an order by the Court authorizing payment of this indebtedness. He further suggested that correspondence concerning this matter be addressed to you as attorneys for the Receiver.

This office does not have the authority to postpone indefinitely such action as may be necessary to collect monies properly payable to the Government under exploration project contracts. Accordingly, unless a motion requesting the Court's authorization of payment is filed within the immediate future, we shall have no alternative but to refer the matter to the Comptroller General of the United States

43683

for appropriate action. Such action may include enforcement of the lien on the Ely Valley and Ely Valley No. 3 Claims, which was granted to the Government to secure payment of its percentage royalty.

Sincerely yours,

George Fumich, Jr.

Director

(pl)

EDTalbert/ama 5-24-63

cc:
Docket
Director's Reading File
CA & A Division
Region II (2) (w/cys of inc. ltr.)

OFFICIAL FILE COPY
O. M. E
RECEIVE MAY 24 1963
DATE | CODE
5/24 | 800
500
100

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA
OFFICE OF THE CLERK

P. O. Box 1059
Las Vegas, Nevada
May 22, 1963

United States Department of the Interior
Office of Minerals Exploration
Washington 25, D.C.

Attention: Mr. George Fumich, Jr.
Director

Dear Mr. Fumich:

Re: DOLMAN, et al v. ELY VALLEY MINES, et al
Civil No. 311

Your Reference: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

This is to advise that your letter of May 7, 1963, concerning the above captioned matter has been referred to Sullivan, Roche, Johnson & Farrahar, 220 Bush Street, San Francisco, California, attorneys for Mr. Americo Campini, Receiver, Ely Valley Mines, Inc.

To date no motion has been filed requesting an order by the Court authorizing royalty payment under your referenced contract.

We suggest that further correspondence concerning this matter be directed to the attorneys for the Receiver.

Sincerely yours,

OLIVER F. PRATT, CLERK

By Frances C. Bulloch

Frances C. Bulloch, Deputy

cc: Sullivan, Roach, Johnson &
Farraher
Mr. Americo Campini

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/6		800
	Arnold	500
	Selfridge	120
5/7	Johnson	110
4	Fumich	100
		220

MAY 7 1963

The Clerk of the Court
U. S. District Court
for the District of Nevada
Las Vegas, Nevada

Re: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Dear Sir:

By order dated March 16, 1962, your Court appointed Americo Campini receiver over the affairs of Ely Valley Mines, Inc., pending final determination of Civil No. 311 or until further order of the Court.

Since the date of the Court's order appointing Mr. Campini as receiver, the matter of the Corporation's indebtedness to the United States Government under the referenced contract for $231.46 in royalty has come to light. Letters addressed to Mr. Campini have resulted in neither reply nor remittance. Mr. Campini, however, recently called upon our field representative in San Francisco, California, and advised that, in order to obtain payment, we should write to your Court.

The amount of $231.46 represents a 1½% royalty on the $15,430.54 proceeds from seven lots of ore sold by Ely Valley Mines, Inc., during June 1954 to the Combined Metals Reduction Company. Full details are set forth in a Report of Royalty Review dated January 3, 1963, a copy of which was sent to Mr. Campini as an enclosure to a January 24, 1963, letter requesting prompt payment.

Mr. Campini indicated that remittance would be made upon approval of the Court. It is hoped that this approval will be given without undue delay in order that this long delinquent indebtedness may be liquidated. If further information is needed, your request therefor will be given immediate attention.

Sincerely yours,

George Fumich, Jr.

Director

cc: Docket
Director's Reading File
CA & A Division
Acting Field Officer, Region II (2)

EDTalbert/ama
5-6-63

cc: Mr. Americo Campini, Receiver
Ely Valley Mines, Inc.
23 Manor Road
Fairfax, California

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/6		800
		500
		130
5/7		110
4		100
		220

MAY 7 1963

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: BMRA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

In accordance with your May 2 memorandum in regard to royalty due under the subject contract, we have addressed a letter to the Clerk of the U. S. District Court at Las Vegas, Nevada. The regional copies are enclosed.

No further action on your part is required at the present time.

George C. Selfridge (gla)

Enclosures

EDTalbert/ama 5-6-63

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 6 1963

DATE		CODE
5/6		800
May 2, 1963		500

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66 (Zinc,Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E 404

Reference to your memorandum of March 1, 1963, Mr. Campini, the appointed Receiver of the above subject, called our office and upon advice from his attorneys, Sullivan, Roche, Johnson, and Farraher, Mills Tower Building, 220 Bush Street, San Francisco, California, instructed him to inform us that in order for us to obtain the delinquent royalty payment of $231.46, we would have to write to the Clerk of United States Federal Court, Las Vegas, Nevada.

Since the Company's holdings are under Federal Court proceedings, Civil 311, Dolman v Janney, et al., it is my understanding upon receiving approval from Federal Judge, royalty payment of $231.46 will be remitted by Mr. Campini.

Please advise if further information is required.

Paul V. Fillo

Paul V. Fillo

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

March 28, 1963

Mr. Americo Campini (Receiver)
23 Manor Road
Fairfax, California

Re: IMA-66 (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E 404

Dear Mr. Campini:

Reference to my letter of January 24, 1963, with the accompanied Report of Royalty Review by E. D. Talbert, OME, Auditor.

It is again requested to remit $231.46 delinquently due to the Government on 1953 and 1954 production of manganese ore sold to Combine Metals Reduction Company. If payment is not received within thirty days, the matter will be referred to our Washington office.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 1 1963

DATE	INITIALS	CODE
4/1		800
		500

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/1	Talbert	800
	Russell	500
	GCS	130
3/1	on leave	110
3/1	Francis	100
		220

MAR 1 1963

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

By letter dated January 24 you requested the Receiver for the Operator under the subject contract to remit $231.46 delinquently due to the Government on 1953 and 1954 production of manganese ore sold to Combined Metals Reduction Company in June 1954. To date neither remittance nor evidence of a reply has been received by this office. Accordingly, a follow-up appears to be in order.

It is suggested that a demand be made for payment of the $231.46 and the Receiver advised that, if payment is not received within thirty days, the matter will be referred to this office.

George C. Selfridge (gla)

EDTalbert/ama 3-1-63

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

~~Ground~~ 500

January 24, 1963

220

Mr. Americo Campini (Receiver)
23 Manor Road
Fairfax, California

Re: DMA-66 (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

Dear Mr. Campini:

Enclosed is a copy of a Report of Royalty Review made by E. D. Talbert, OME Auditor, covering the reference contract. A balance of $231.46 in royalties was found to be due the Government.

Reasons for the royalty amounts due the Government are stated in the fourth paragraph of the second page of the Report of Royalty Review.

It is requested that a remittance of $231.46 be submitted to our office for the sale of seven lots, aggregating 2,225.458 dry tons of manganese ore, to Combined Metals Reduction Company in June 1954.

We will appreciate your prompt attention to this delinquent royalty payment.

Sincerely yours,

Paul V. Fillo
Acting Field Officer
OME, Region II

Enclosure

cc:
Chief, Division of Field Operations, OME, Washington, D. C.
Contract Administration and Audit Division

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL FILE COPY
O. M. E.
RECEIVED JAN 28 1963
DATE
Cleared 500
220

555 Battery Street
San Francisco 11, California

January 24, 1963

Memorandum

To: E. D. Talbert, Chief, Contract Administration and Audit Division, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: IMA-66 (Zinc, Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E-404

With reference to the third paragraph of your letter of January 7, 1963, concerning the above subject, the Operator and the Receiver are the same person--Mr. Americo Campini.

Paul V. Fillo

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

500

555 Battery Street
San Francisco 11, California

January 24, 1963

320

Memorandum

To: Fiscal Section, Division of Administrative Services, Office of the Secretary, Department of the Interior, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66 (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Mines
Lincoln County, Nevada
Contract Idm-E404

Enclosed is the original of a Report of Royalty Review covering the subject contract. This office concurs in the facts as stated in the Report of Royalty Review.

Paul V. Fillo

Enclosure

cc:
Chief, Division of Field Operations, OME, Washington, D. C.
Contract Administration & Audit Division, OME, Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
		220

January 7, 1963

Memorandum

To: Acting Field Officer, Region II

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract Idm-E404

The original and three copies of a Report of Royalty Review covering the subject contract are enclosed. If you concur in the facts stated therein, please make the following distribution:

(a) Original to the Fiscal Section, Division of Administrative Services, Office of the Secretary, U. S. Department of the Interior, Washington 25, D. C.;
(b) One copy for the Operator;
(c) One copy for the Receiver; and
(d) One copy for your files.

As evidence of your concurrence, a copy each of your letters transmitting the Operator's and the Receiver's copies should be furnished this Division. These letters, of course, should request prompt payment of the $231.46 royalty delinquently due on the 1954 sales. If for any reason you do not concur, the original and all copies of the report should be returned to this Division with your comments.

Enclosures

EDTalbert/ama 1-7-63

cc:
Docket
Director's Reading File
CA & A Division
Fiscal Section

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 31 1962

DATE	INITIALS	CODE
1/3	EAT	500
	~~Forward~~	500
		220

December ~~27~~, ~~1962~~

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D.C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

Enclosed is a copy of a letter from Combined Metals Reduction Company, for your information and file.

Paul V. Fillo

Paul V. Fillo

Enclosure

COMBINED METALS REDUCTION COMPANY

CASELTON PLANT PIOCHE, NEVADA

December 19, 1962

DEC 1962
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

Mr. Paul V. Fillo
Acting Field Officer
United States Department of the Interior
Office of Mineral Exploration
420 Custom Street
San Francisco 11, California

Dear Mr. Fillo:

In response to your letter dated November 26, relative to ore purchases from Ely Valley Mines subsequent to September 23, 1962.

Reference is made to our letter of October 24, 1962, and enclosed copies of each settlement sheets, numbers 1 to 7 inclusive, and a provisional - (advance on stockpile).

Settlement No. 7 was the final clean-up on Manganese ore stockpile from Ely Valley Mines. This Ely Valley Mines Manganese Ore stockpile was started in the first part of 1953. Lots number 1 to 7 inclusive are the total tonnages of the stockpile. No other ores were purchased from Ely Valley Mines since that time.

Hoping this will give you the information you desire.

Very truly yours,

Reginald C. Lee
Manager Nevada Operations

cc: Burton
File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E
RECEIVED DEC 17 1962

DATE	INITIALS	CODE
12/17	[illegible]	800
		120
		500
		320

December 12, 1962

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley claims
Lincoln County, Nevada

Enclosed is a copy of a letter from Combined Metals Reduction Company, with reference to my letter of November 26, 1962.

Paul V. Fillo

Paul V. Fillo

Enclosure

COMBINED METALS REDUCTION COMPANY
P. O. BOX 100
SALT LAKE CITY 10, UTAH

December 10, 1962

Mr. Paul V. Fillo
Acting Field Officer
United States Department of the Interior
Office of Minerals Exploration
420 Custom House
555 Battery Street
San Francisco 11, Calif.

Dear Mr. Fillo:

Re: Ely Valley Mines Idm-E404

In response to your letter dated November 26 to our Mr. R. G. Lee, Pioche, Nevada concerning ore purchased from the above project and milled.

According to our record and as previously broken down by lots for you this company purchased from Ely Valley Mines 2,225.458 dry tons of crude ore and placed in stockpile for subsequent milling. As ore was delivered and stockpiled provisional settlements were figured and cash advanced as the shipping record of the shipper should reveal. Final sett lement was made in June, 1954 for which the shipper was paid the balance after the mill assays were determined.

We do not keep ore settlement sheets beyond 6 years, but our metallurgical books are complete and open for inspection. You should also be able to obtain the settlements from the shipper.

We will request Mr. Lee to make another search of his office record to see if he can locate the final settlement in 1954. If he has his copy he will mail an Ozalid copy to you direct.

Sincerely yours,

O. F. Burton, Treasurer

cc R. G. Lee

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

RECEIVED

DATE		
November 26, 1962		800
		120
	Treasurer	500
		220

Mr. Reginald G. Lee
Combined Metals Reduction Company
Caselton Plant
Pioche, Nevada

Re: DMA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Lee:

In reference to your letter of October 24, 1962, we would appreciate a clarification on "Provisional Stockpile Settlement" dated April 27, 1953--identified as C.M.R. Co., Lot No. 3536-E, and copies of the final settlement; or advise as to the final disposition of the $1,276.85 withheld. Your prompt reply will be greatly appreciated.

Sincerely yours,

Paul V. Fillo
Acting Field Officer

cc:
Chief, Division of Field Operations, Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
11/5	Talbert	800
	Arnold	500
	[illegible]	130
11/5	Johnson	110
11/5	Franck	100
		220

NOV 5 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: [redacted]-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

The attachments to your October 29 memorandum appear to account for the 1953 and 1954 shipments from the property under the subject contract. One item, however, needs clarification.

The March 1953 shipments, identified as C. M. R. Co. Lot No. 3536-E, are covered by a "Provisional Stockpile Settlement" dated April 27, 1953. This settlement indicates the withholding of $1,276.85 in proceeds as a "30% Provisional Reserve". Before the royalty payable can be computed, the amount of final settlement must be ascertained. Accordingly, it is suggested that you apologetically request the Combined Metals Reduction Company for copies of the final settlement or, at least, advice as to the final disposition of the $1,276.85 withheld.

Promptly upon the receipt of this information, the Contract Administration and Audit Division will prepare a Report of Royalty Review. On the basis of such report, demand then may be made upon the Operator for payment of the royalty delinquently due to the Government.

George C. Selfridge (gfa)

EDTalbert/ama 11-5-62

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

October 29, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 2 1962
DATE | INITIALS | CODE
11/2 | | 8.00
120
500

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

With reference to your memorandum of September 5, 1962, enclosed are the ore settlements and a copy of a letter from Combined Metals Reduction Company. Also, enclosed is a copy of Mr. Janney's letter of August 28, 1962.

Please advise my next procedure and amount of royalty due on the subject contract.

Paul V. Fillo

Paul V. Fillo

Enclosures

COMBINED METALS REDUCTION COMPANY

CASELTON PLANT PIOCHE, NEVADA

October 24, 1962

OCT 1962
BUREAU OF MINES
DEPT. OF
INTERIOR
REGION II

Mr. Paul V. Fillo
Acting Field Officer, OME
Region II
United States Department of the Interior
Office of Minerals Exploration
555 Battery Street
San Francisco 11, California

Subject: Ely Valley Mines
Ore Settlements

Dear Mr. Fillo:

This is in reply to your letter addressed to Mr. Otto Burton, Controller, Combined Metals Reduction Company, Salt Lake City, Utah, dated October 5, 1962.

Enclosed are two copies of each of the settlement sheets of all shipments of Ely Valley Ore subsequent to September 23, 1952 as requested:

Shippers Lots No.	Dry Tons	Net Proceeds
1	299.924	$ 2,073.78
2	457.691	3,416.24
3	213.084	1,522 94
4	383.582	2,576.18
5	378.986	2,596.53
6	265.000	1,773.13
7	227.191	1,471.74
Provisional reserve	438.644	2,979.31

Very truly yours,

Reginald G. Lee
Manager Nevada Operations

RGL/w

cc: O.F.Burton

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

August 28, 1962

Mr. Paul V. Fillo
Acting Field Officer, OME
Region II

Re: Docket No. DMA-66X (Lead-Zinc)

Dear Mr. Fillo

In answer to your letter of August 13th, the manganese ore shipped by Ely Valley Mines Inc., to combined Metals Mill in May and June 1954, was taken from the Ely Valley winze 400' level and this is on the Ely Valley claim of Ely Valley Mines Inc.

I trust this is the information desired.

Very truly yours,

John Janney

AUG 1962
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 8, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3743 Shippers Lot No. 7 Class Mill

Received CMRCo. 6/4/54 E & M J Quotations: Gold Silver Lead 14.05 Fe-Mn $225/Long Ton

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.90	1.9	3.0				15.5			
Shipper			1.8					16.1			
Umpire (AFB)								16.0			
Gross	.005	.90	1.85	3.0				16.0			
Settlement	.005	.90	1.85	3.0				16.0			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@	.75	9 750			
Gross Metal Payment				9 750			
Less Treatment				3 250			
Net Value Per Ton				6 500	Net Treatment	3	250

Initial	Car Number	Weight					
			227.191 Dry Tons @ 6.500 Per Ton			1,476	74
			Control	5	00		
		243,480					
Total Wet Weight 6.69 % Moisture		486,960			Total Deductions	5	00
Dry Weight		454,382			Net Proceeds	1,471	74

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 5, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3741 Shippers Lot No. 5 Class Mill

Received CMRCo. 6/2/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long Ton

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.81	2.10	3.3				16.4			
Shipper			1.82					17.25			
Umpire (D & N)								16.50			
Gross	.005	.81	1.96	3.3				16.50			
Settlement	.005	.81	1.96	3.3				16.50			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@ .75	10	125			
Gross Metal Payment			10	125			
Less Treatment			3	250			
Net Value Per Ton			6	875	Net Treatment	3	250

Initial	Car Number	Weight
		416,331
Total Wet Weight, 8.97 % Moisture		832,662
Dry Weight		757,972

378.986 Dry Tons @ 6.875 Per Ton 2,605 53

Umpire (D & N)	4	00
Control	5	00
Total Deductions	9	00
Net Proceeds	2,596	53

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 5, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3740 Shippers Lot No. 4 Class Mill

Received CMRCo. 6/1/54 E & M J Quotations: Gold ____ Silver ____ Lead 14.00 Fe-Mn $225/Long Tons

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.82	2.3	3.2				16.0			
Shipper			1.85					16.7			
Umpire (B & D)			2.2					16.2			
Gross			2.2					16.2			
Settlement	.005	.82	2.2	3.2				16.2			

Values Per Ton							Treatment		
Gold			@				Base	3	250
Silver			@						
Lead	-2.0	100%	@	.50		100			
Zinc			@						
Mn	-3.0	100%	@	.75	9	900			
Gross Metal Payment					10	000			
Less Treatment					3	250			
Net Value Per Ton					6	750	Net Treatment	3	250

Initial	Car Number	Weight					
			383.582 Dry Tons @ 6.750 Per Ton			2,589	18
			Umpire (B & D)	8	00		
			Control	5	00		
		431,427					
Total Wet Weight 11.09% Moisture		862,854		Total Deductions		13	00
Dry Weight		767,164		Net Proceeds		2,576	18

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3739 Shippers Lot No. 3 Class Mill

Received CMRCo. 5/27/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long Ton

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.92	2.30	3.3				16.4			
Shipper			2.02					17.2			
Umpire (AFB)								16.8			
Gross	.005	.92	2.16	3.3							
Settlement	.005	.92	2.16	3.3				16.8			

Values Per Ton							Treatment		
Gold			@				Base	3	250
Silver			@						
Lead	-2.0	100%	@	.50		080			
Zinc			@						
Mn	-3.0	100%	@	.75	10	350			
Gross Metal Payment					10	430			
Less Treatment					3	250			
Net Value Per Ton					7	180	Net Treatment	3	250

Initial	Car Number	Weight					
			213.084 Dry Tons @ 7.180 Per Ton			1,529	94
			Umpire (AFB)	2	00		
			Control	5	00		
		234,141					
Total Wet Weight 9.11% Moisture		468,882		Total Deductions		7	00
Dry Weight		426,168		Net Proceeds		1,522	94

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3738 Shippers Lot No. 2 Class Mill

Received CMRCo. 5/26/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long Ton

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.87	2.1	3.3				16.4			
Shipper			1.89					17.7			
Umpire (Union)								17.3			
Gross	.005	.87	1.995	3.3				17.3			
Settlement	.005	.87	1.995	3.3				17.3			

Values Per Ton						Treatment		
Gold		@				Base	3	250
Silver		@						
Lead	-2.0	@						
Zinc		@						
Mn	-3.0 100%	@	.75	10	725			
Gross Metal Payment				10	725			
Less Treatment				3	250			
Net Value Per Ton				7	475	Net Treatment	3	250

Initial	Car Number	Weight
		500,373
Total Wet Weight 8.53% Moisture		1,000,746
Dry Weight		915,382
		457,691

457.691 Dry Tons @ 7.475 Per Ton 3,421 24

Control 5 00

Total Deductions 5 00

Net Proceeds 3,416 24

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3737 Shippers Lot No. 1 Class Mill

Received CMRCo. 5/25/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long Ton

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%.	%
C.M.R. Co.	.01	.93	1.80	2.8				16.4			
Shipper			1.98					16.75			
Umpire											
Gross	.01	.93	1.89	2.8				16.575			
Settlement	.01	.93	1.89	2.8				16.575			

Values Per Ton						Treatment		
Gold		@				Base	3	250
Silver		@						
Lead	-2.0	@						
Zinc		@						
Mn	-3.0 100%	@	.75	10	181			
Gross Metal Payment				10	181			
Less Treatment				3	250			
Net Value Per Ton				6	931	Net Treatment	3	250

Initial	Car Number	Weight					
			299.924 Dry Tons @ 6.931 Per Ton			2,078	78
			Control	5	00		
		339,664					
Total Wet Weight							
11.70 % Moisture		679,328			Total Deductions	5	00
Dry Weight		599,848			Net Proceeds	2,073	78
		299,924					

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

PROVISIONAL STOCKPILE SETTLEMENT

Salt Lake City, Utah April 27, 1973

Pay Ely Valley Mines - Manganese Ore

Ore Mn C.M.R. Co. Lot No. 3536-E Shippers Lot No. Class Mill

Received CMRCo. 3/1 to 3/31 E & M J Quotations: Gold Silver Lead Zinc

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.											
Shipper											
Umpire											
Gross											
Settlement								20.27			

Values Per Ton					Treatment		
Gold	@				Base		
Silver	@						
Lead	@						
Mn - 3.0 100%	@	.75	12	953			
Copper	@						
Gross Metal Payment			12	953			
Less Treatment			3	250			
Net Value Per Ton			9	703	Net Treatment		

Initial	Car Number	Weight					
			438.644 Dry Tons @ 9.703 Per Ton			4,256	16
			30% Provisional Reserve	1276	85		
Total Wet Weight		981,630			Total Deductions	1,276	85
10.63% Moisture							
Dry Weight		877,288			Net Proceeds	2,979	31

Approved by KE Checked by HES:sp

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

October 11, 1962

Memorandum

To: Chief, Division of Field Operations, OME,
Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMEA-66X (Lead, Zinc)
Ely Valley Mine
Pioche, Nevada
Contract Idm-E404

Enclosed is a newspaper clipping for your information and file with reference to the above subject.

Paul V. Fillo

Paul V. Fillo

Enclosure

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 15 1962

DATE	INITIALS	NOTE
10/15	[illegible]	800
		120
10/16	[illegible]	500
		220

S.F. Chronicle

Widow Wins In $1 Million Mining Fraud

Oct. 10, 1962

Las Vegas

A wealthy San Francisco widow, who spent years digging into the tangled financial affairs of two Nevada mines, was rewarded yesterday when a Federal Court here ruled stockholders had been cheated of $1 million.

Mrs. Helen Dolman of 1790 Jackson street, San Francisco, will receive a fee of $121,000 from that amount for her work in uncovering the fraud, Judge Roger T. Foley ruled.

The $1 million judgment was rendered against John Janney, an 82-year-old miner who controlled Pioche Mines Consolidated, Inc. and Ely Valley Mines, Inc.

The court said Janney used the assets of Pioche Mines to buy the Pioche Power and Light Company for himself.

Judge Foley also decided Janney transferred the Ely Valley Mine from company ownership to his own private ownership.

In addition to the 66-year-old widow, the million-dollar award will be split among about 1000 stockholders who also participated in the suit.

Attorney Gerald O'Connor, one of a number of attorneys who prepared the suit, said Mrs. Dolman spent a long time investigating the financial manipulations of the two corporations.

The result was the largest judgment ever handed down by a Federal court in Nevada.

Our Correspondent

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 9 1962

DATE		CODE
10/10		800
		500
October	5, 1962	220

Mr. Otto Burton, Controller
c/o Combined Metals Reduction Company
Felt Building
Salt Lake City, Utah

Re: IMEA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Mine
Pioche, Nevada
Contract Idm-E404

Dear Mr. Burton:

We are reviewing the Ely Valley Mines, Inc. files that had a contract (Idm-E404) with the Government for exploratory work, and find that the company made ore shipments in April, 1953 to your Caselton plant in Nevada.

In order to bring our files up to date, we would appreciate your providing us with two copies of each of the settlement sheets of any or all shipments subsequent to September 23, 1952.

Your early reply to this request will be appreciated.

Very truly yours,

Paul V. Fillo
Acting Field Officer, OME
Region II

cc:
Chief, Division of Field Operations, OME, Washington, D.C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
9/5	Talbert	800
		500
9/5	GCS	130
	on leave	110
9/5	Formby	100
9/5	eyr	220

SEP 5 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

Your August 31 memorandum requests advice as to the amount of royalty delinquently due to the Government on the basis of an "enclosed" copy of a letter from Mr. Janney. A copy of the letter, however, was not received with your memorandum.

If Mr. Janney's letter refers to the seven settlements (lots nos. 3737 to 3743, inclusive) submitted to you by the August 2, 1962, letter of the Combined Metals Reduction Company, the amount of royalty payable is $251.46. This amount is 1½% of the $15,430.54 proceeds.

It is to be noted that all of these settlements are dated in June 1954. On the other hand, a report of Mr. Gentry's examination of the property on April 2, 1953, states that ore "is" being shipped via truck to the Caselton plant. This indicates that possibly other sales prior to those covered by the June 1954 settlements remain unreported.

Your further advice in the matter, together with a copy of Mr. Janney's letter, is solicited.

EDTalbert/ama 9-5-62

George C. Selfridge

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
OME
RECEIVED SEP 4 1962
DATE

~~August~~ 9/5 31, ~~1962~~ 1962

120
~~400~~
500

Memorandum

To: Chief, Division of Field Operations, OME,
Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E 404

Not enclosed

Enclosed is a copy of a letter from Mr. J. Janney, who was managing the subject property during the time shipments of manganese ore were made from Ely Valley mine. On the support of Mr. Janney's letter, these shipments are subject to DMEA royalty. Please advise the correct amount of delinquent payment due to the Government.

Paul V. Fillo

Paul V. Fillo

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

August 13, 1962

OFFICIAL
O. M. E.
RECEIVED AUG 17 1962
DATE | INITIALS | CODE
8/17 | | 800
500
220

Mr. John Janney
General Delivery
Pioche, Nevada

Re: Docket No. IMA-661 (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-2404

Dear Mr. Janney:

We have received from Combined Metals Reduction Company several settlement sheets involving shipments of manganese ore from Ely Valley mines. At the time of these shipments that were made during the months of May and June 1954, our files show that you were managing Ely Valley Mines. Under these circumstances, please advise the name of the claims this ore was obtained. In accordance with Article 6 of the contract, royalty is payable on all minerals produced from the land described in Article 2 of the contract.

Your earliest reply will be appreciated.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer, OME
Region II

cc:
Chief, Division of Field Operations, OME, Washington, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 14 1962

DATE		CODE
8/15		800
		500
		220

August 10, 1962

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

With reference to your memorandum of July 5, 1962, enclosed is a copy of each of the settlement sheets and a copy of Combined Metals Reduction Company's letter.

A conference was held with Mr. Americo Campini August 9, 1962, to determine which claims the ore was mined. It appears that the ore was taken from some other part of the property.

Additional information was requested from Mr. Campini; name of the lessees and the claims that were worked during 1954.

Mr. Campini has been most cooperative in determining if this ore was obtained from the claims the DMEA contract covered.

I had the good fortune of talking with Mr. Roscoe M. Smith, (U.S.G.S.), presently in Menlo Park, California. The statement he gave me was, to the best of his knowledge, no manganese ore came out of the Ely Valley shaft. ?

In my discussion with Mr. Campini, he mentioned that Mr. Janney is in Pioche and with this information I will write him to see if he can recall where this ore was mined.

Paul V. Fillo
Paul V. Fillo

Enclosures 2

Note: All of attached settlements are dated June 1954, yet Gentry reported in April 1953 that ore is being shipped to the Cavelton Plant.
Talbert 8/15/62

COMBINED METALS REDUCTION COMPANY
P. O. BOX 190
SALT LAKE CITY 10, UTAH

August 2, 1962

AUG 1962
BUREAU OF MINES
OFFICE OF MINERALS EXPLORATION

Mr. Paul V. Fillo
Acting Field Officer, OME
Region II
United States Department of the Interior
Office of Minerals Exploration
555 Battery Street
San Francisco 11, Calif.

Dear Mr. Fillo:

Subject: Ely Valley Mines
Ore Settlements

This is in reply to your letter addressed to Mr. Paul Gammill, Pioche, Nevada dated July 17, 1962.

Enclosed are two copies of the following manganese ore settlements all in June 1954:

LOTS NUMBER	DRY TONS	NET PROCEEDS
3737	299.924	$2,073.78
3738	457.691	3,416.24
3739	213.084	1,522.94
3740	383.582	2,576.18
3741	378.986	2,596.53
3742	265.000	1,773.13
3743	227.191	1,471.74
	2,225.458	15,430.54

@ 1½% = $231.46

Very truly yours,

O. F. Burton, Treasurer

cc Mr. R. G. Lee Pioche, Nevada

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3737 Shippers Lot No. 1 Class Mill

Received CMRCo. 5/25/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.01	.93	1.80	2.8				16.4			
Shipper			1.98					16.75			
Umpire											
Gross	.01	.93	1.89	2.8				16.575			
Settlement	.01	.93	1.89	2.8				16.575			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@	.75	10 181			
Gross Metal Payment				10 181			
Less Treatment				3 250			
Net Value Per Ton				6 931	Net Treatment	3	250

Initial	Car Number	Weight					
			299.924 Dry Tons @ 6.931 Per Ton			2,078	78
			Control	5	00		
Total Wet Weight 11.70 % Moisture		679,328		Total Deductions		5	00
Dry Weight		599,848		Net Proceeds		2,073	78

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3738 Shippers Lot No. 2 Class Mill

Received CMRCo. 5/26/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.87	2.1	3.3				16.4			
Shipper			1.89					17.7			
Umpire (Union)								17.3			
Gross	.005	.87	1.995	3.3				17.3			
Settlement	.005	.87	1.995	3.3				17.3			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@	.75	10 725			
Gross Metal Payment				10 725			
Less Treatment				3 250			
Net Value Per Ton				7 475	Net Treatment	3	250

Initial	Car Number	Weight				
			457.691 Dry Tons @ 7.475 Per Ton		3,421	24
			Control	5 00		
Total Wet Weight 8.53% Moisture		1,000,746		Total Deductions	5	00
Dry Weight		915,382		Net Proceeds	3,416	24

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 24, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3739 Shippers Lot No. 3 Class Mill

Received CMRCo. 5/27/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.92	2.30	3.3				16.4			
Shipper			2.02					17.2			
Umpire (AFB)								16.8			
Gross	.005	.92	2.16	3.3							
Settlement	.005	.92	2.16	3.3				16.8			

Values Per Ton							Treatment		
Gold			@				Base	3	250
Silver			@						
Lead	-2.0	100%	@	.50		080			
Zinc			@						
Mn	-3.0	100%	@	.75	10	350			
Gross Metal Payment					10	430			
Less Treatment					3	250			
Net Value Per Ton					7	180	Net Treatment	3	250

Initial	Car Number	Weight					
			213.084 Dry Tons @ 7.180 Per Ton			1,529	94
			Umpire (AFB)	2	00		
			Control	5	00		
Total Wet Weight 9.11 % Moisture		468,882		Total Deductions		7	00
Dry Weight		426,168		Net Proceeds		1,522	94

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 5, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3740 Shippers Lot No. 4 Class Mill

Received CMRCo. 6/1/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.82	2.3	3.2				16.0			
Shipper			1.85					16.7			
Umpire (B & D)			2.2					16.2			
Gross			2.2					16.2			
Settlement	.005	.82	2.2	3.2				16.2			

Values Per Ton							Treatment		
Gold			@				Base	3	250
Silver			@						
Lead	-2.0	100%	@	.50		100			
Zinc			@						
Mn	-3.0	100%	@	.75	9	900			
Gross Metal Payment					10	000			
Less Treatment					3	250			
Net Value Per Ton					6	750	Net Treatment	3	250

Initial	Car Number	Weight

383.582 Dry Tons @ 6.750 Per Ton 2,589 18

Umpire (B & D) 8 00

Control 5 00

Total Wet Weight 11.09% Moisture	862.854	Total Deductions	13 00
Dry Weight	767.164	Net Proceeds	2,576 18

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 5, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3741 Shippers Lot No. 5 Class Mill

Received CMRCo. 6/2/54 E & M J Quotations: Gold Silver Lead 14.00 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.81	2.10	3.3				16.4			
Shipper			1.82					17.25			
Umpire (D & N)								16.50			
Gross	.005	.81	1.96	3.3				16.50			
Settlement	.005	.81	1.96	3.3				16.50			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@ .75	10	125			
Gross Metal Payment			10	125			
Less Treatment			3	250			
Net Value Per Ton			6	875	Net Treatment	3	250

Initial	Car Number	Weight					
			378.986 Dry Tons @ 6.875 Per Ton			2,605	53
			Umpire (D & N)	4	00		
			Control	5	00		
Total Wet Weight 8.97% Moisture		832,662			Total Deductions	9	00
Dry Weight		757,972			Net Proceeds	2,596	53

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 5, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3742 Shippers Lot No. 6 Class Mill

Received CMRCo. 6/3/54 E & M J Quotations: Gold Silver Lead 14.050 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.85	2.0	3.5				16.1			
Shipper			1.9					16.8			
Umpire (Union)								16.3			
Gross	.005	.85	1.95	3.5				16.3			
Settlement	.005	.85	1.95	3.5				16.3			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@ .75	9	975			
Gross Metal Payment			9	975			
Less Treatment			3	250			
Net Value Per Ton			6	725	Net Treatment	3	250

Initial	Car Number	Weight					
			265.000 Dry Tons @ 6.725	Per Ton		1,782	13
			Umpire (Union)		4 00		
			Control		5 00		
Total Wet Weight 7.37% Moisture		572,168		Total Deductions		9	00
Dry Weight		530,000		Net Proceeds		1,773	13

Approved by KE Checked by HES:pf

COMBINED METALS REDUCTION COMPANY

Salt Lake City, Utah June 8, 1954

Pay Ely Valley Mines, Inc.

Ore Mn C.M.R. Co. Lot No. 3743 Shippers Lot No. 7 Class Mill

Received CMRCo. 6/4/54 E & M J Quotations: Gold Silver Lead 14.05 Fe-Mn $225/Long

Assays	Ozs. Au.	Ozs. Ag.	% Pb.	% Zn.	% Fe.	% Insol.	%	% Mn	%	%	%
C.M.R. Co.	.005	.90	1.9	3.0				15.5			
Shipper			1.8					16.1			
Umpire (AFB)								16.0			
Gross	.005	.90	1.85	3.0				16.0			
Settlement	.005	.90	1.85	3.0				16.0			

Values Per Ton					Treatment		
Gold		@			Base	3	250
Silver		@					
Lead	-2.0	@					
Zinc		@					
Mn	-3.0 100%	@	.75	9 750			
Gross Metal Payment				9 750			
Less Treatment				3 250			
Net Value Per Ton				6 500	Net Treatment	3	250

Initial	Car Number	Weight					
			227.191 Dry Tons @ 6.500	Per Ton		1,476	74
			Control		5 00		
Total Wet Weight 6.69 % Moisture		486,960		Total Deductions		5	00
Dry Weight		454,382		Net Proceeds		1,471	74

Approved by KE Checked by HES:pf

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 23 1962

July 17, 1962

		CODE
7/23		8.00
7/24		5.00
		220

Mr. Paul Gemmill, General Manager
c/o Combined Metals Reduction Co.
Pioche, Nevada

10 M E A 66

Re: Ely Valley Mine

Dear Mr. Gemmill:

With reference to your letter of June 27, 1962, we would appreciate it if you would provide us with two copies of each of the settlement sheets in references to the shipments as shown in your letter.

Sincerely yours,

PAUL V. FILLO

Paul V. Fillo
Acting Field Officer, OME
Region II

cc:

Chief, Division of Field Operations, OME, Washington, D. C.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
7/5	Tackett	800
	Mirowski	500
7/5	Schneider	130
"	Johnson	110
"	on leave	~~100~~
		220

JUL 5 1962

Memorandum

To: Acting Field Officer, Region II

From: Acting Chief, Division of Field Operations

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-8404

Reference is made to the Combined Metals Reduction Company's June 27 letter, a copy of which was forwarded by your June 29 memorandum. The letter indicates that two shipments of manganese ore from the subject Operator were received during 1954 by the Caselton plant of Combined Metals. These shipments may represent the ore referred to in Mr. Gantry's reports of examinations in 1953 and 1954.

It is suggested that the purchaser be requested to provide two copies of each of the settlement sheets involved. Upon receipt thereof, if it appears probable that the shipments are subject to DMEA royalty, an appropriate demand for payment should be made upon Mr. Amarico Campini, the recently appointed receiver for the Operator.

One copy of each of the settlement sheets, together with two copies of your letter demanding payment of the royalty should be forwarded to this office. One copy of each of the settlement sheets should be retained in your files.

W. R. Griswold

EDTalbert/ama 7-5-62

cc:
Docket
Director's Reading File
CA & A Division
Review Committee

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

June 29, 1962

Memorandum

To: Chief, Division of Field Operations, OME, Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E 404

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 3 1962

DATE	INITIALS	CODE
7/5	[illegible]	800
		500

With reference to your letter of May 10, 1962, enclosed is a copy of a letter from Mr. Gemmill showing the manganese ore shipments from the subject mine. You will note, the name of the claims have been omitted from where the ore was obtained.

Paul V. Fillo

Paul V. Fillo

Enclosure

COMBINED METALS REDUCTION COMPANY
P. O. BOX 163
SALT LAKE CITY 10, UTAH

June 27, 1962

JUN 1962
BUREAU OF MINES
OFFICE OF
MINERALS EXPLORATION
REGION II

United States Department of the Interior
Office of Mineral Exploration
555 Battery Street
San Francisco 11, California

Attention: Mr. Paul V. Fillo
Acting Field Officer OME
Region II

Re: ELY VALLEY MINE

Dear Sir:

In reply to your inquiry with respect to manganese ore production from the Ely Valley Mines, Inc. we find that in 1954 custom manganese ore receipts at our Caselton, Nevada plant lists the following two items:

Assay

	Dry Tons	oz. Au	oz. Ag	% Pb	% Zn	% Mn
Ely Valley Mine	970.7	.007	0.90	2.00	3.15	16.97
Ely Valley Mine Lease	1,254.8	.005	0.84	2.01	3.26	16.28

Yours very truly,

Paul Gemmill
General Manager

PG:b

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Mr. Selfridge		
2.		
3.		
4.		
5.		
FROM: Fallaw		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ✓ Your information

REMARKS: Re: DMA-66X

Doesn't it seem a bit odd that Gentry can't interpret his own reports?

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

June 1, 1962

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 4 1962

DATE	INITIALS	CODE
6/4	[illegible]	800
6/5	[illegible]	500
		220

Memorandum

To: Chief, Division of Field Operations, OME
Washington, D. C.

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead, Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

With reference to your letter of May 10, I have talked to Mr. Gentry in regards to the manganese ore shipments from the above subject mine. He suggested I write to Mr. Gemwill, manager of the Combined Metals Reduction Co. in Pioche, Nevada, and possibly an answer can be obtained. A copy of my letter to Mr. Gemwill is enclosed.

Paul V. Fillo
Paul V. Fillo
Acting Field Officer, OME
Region II

Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 4 1962
DATE

June 1, 1962

Mr. Paul Gemwill; General Manager
c/o Combined Metals Reduction Co.
Pioche, Nevada

Re: Ely Valley Mines, Inc.

Dear Mr. Gemwill:

We are endeavoring to obtain some information in regard to shipments of manganese ore to your plant from Ely Valley Mines, Inc. Do your records show of any manganese ore shipments from Ely Valley Mines, Inc.? If shipments were made, would you be so kind as to submit the dates, tonnages, and the names of the claims from which the ore was mined. Your early reply to this request will be appreciated.

Very truly yours,

Paul V. Fillo
Acting Field Officer, OME
Region II

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/9	[illegible]	500
5/9	Talbert	800
5/9	GCS	130
"	Johnson	110
5/9	[illegible]	100
		220

MAY 1 0 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: D MA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

We wish to refer again to Mr. Talbert's memorandum to you of March 12. We fear that our sources of possible information are limited; it appears that Mr. John Janney is out of the picture and probably the Receiver, having only recently taken over, could not be of much help.

Therefore, would you kindly discuss the matter with Mr. Gentry. It may be that the manganese ore shipments which he mentioned came from land not included in the contract and, hence, no royalty would be due. Otherwise, we must make all reasonable attempts to collect this back royalty.

It may be that the company records now in the hands of the Receiver would cover the sums realized from such ore sales. If indicated, we suggest you also contact him.

George C. Selfridge

(HB)

WRGriswold/gla
5-9-62
cc to: Director's Reading File
Review Committee
Docket
Code 500
" 800

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/8	Noted Talbert	800
		~~120~~
		220

May 7, 1962

Memorandum to the File

From: W. R. Griswold, Chief
Division of Minerals

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

There would be little purpose in sending out a form 63 on this project since the property is now in the hands of a receiver appointed by the court, as of March 16, 1962.

A group of stockholders won a legal action against John Janney, president of Ely Valley Mines, Inc. In their report by Helen Dolman, it is stated that John Janney had removed the pumps and permitted flooding of the mine workings; hence, we may say, with reasonable assurance, that there has been no production from July 1, 1958, to present date.

??

WR Griswold

cc: Contract Division
Docket

43683

Re: DMA-66X

Pumps apparently pulled in 1960. 1958 to 1960 unaccounted for.

Also, still unanswered is question of production during 1953. See my 3/12/62 memo to Fello and 3/27/62 reply.

Talbot
5/8/62

[illegible]

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/25	Griswold	500
4/25	Talbert	800
4/26	[illegible]	130
"	Johnson	110
4/30	Dallw	140 ~~100~~
5-1	[illegible]	140 ~~110~~
5-1	[illegible]	100 ~~130~~
		220

INTERIOR DEPT.
APR 27 1962
SOLICITOR

MAY 2 1962

Memorandum

To: Acting Field Officer, Region II

From: Chief, Division of Field Operations

Subject: D MA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

With reference to your April 18 memorandum covering the referenced project, neither Mr. Campini nor Mrs. Dolman may review the files. The files are for the confidential use of the Government only.

However, upon request by the Receiver for copies of specific data submitted by the Operator, you may have such copies made and given to him provided he pays the cost of such work.

If the Receiver wishes to review only the contract (with its amendments and audit review) and the application, you may permit him to do so.

George C. Selfridge

WRGriswold/gla
4-25-62
cc to: Director's Reading File
Review Committee
Docket
Code 500

RECEIVED
APR 27 1962
ASSOC. SOLICITOR
MINERAL RESOURCES

43683

Files are for confidential use of the Government only. However, copies of information ~~substituted~~ submitted by the applicant or operator may be furnished at cost upon written permission of the applicant or operator. Upon request from the Receiver for specific data submitted by the operator possibly we could furnish it at cost to him.

FEJohnson

OK

Re: [redacted]MA-66X

I have summarized letter, but, in my opinion, the Receiver has a right to "look at" a copy of the contract and the application.

Talbot
4/25/62

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~MR. SOLLER, Room 6548~~	5-1	Cell
2. Mr. Fumich - Room 4460		
3.		
4.		
5.		
FROM: GEORGE FUMICH, JR.	4/27	

FOR: Check item for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate X Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

RECEIVED APR 27 1962 SOLICITOR MINERAL RESOURCES

REMARKS:

It would be helpful to refer to the regulation & manual provision on providing for copies of records & files therefor

Cu Soller

SOLICITOR

APR 27 1962

INTERIOR DEPT.

OK 87

FROM SOLICITOR

MAY 1 1962

FOR SIGNATURE

INT.-DUP. SEC., WASH., D.C. M50943

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

555 Battery Street
San Francisco 11, California

April 18, 1962

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 23 1962

DATE		
4/23		800
		120
4/24		500
4-29		110
4/25	Received	100
		500
		220

Memorandum

To: Chief, Division of Field Operations, OME

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

Mrs. Helen Dolman, a stockholder member in the Ely Valley Mines, Inc., is requesting authorization to review the files of the above subject contract. The following information was taken over the phone: Mrs. Dolman filed an action in the Federal Court of the United States at Las Vegas No. Civil 311 and sued John Janney, President of Ely Valley Mining and Pioche Mines, Inc. Several other parties of the plaintiff joined in the action against Mr. John Janney. The case was won by default. An order filed on March 16, 1962 and signed by Honorable Roger T. Foley, U. S. District Judge appointed Mr. Americo Campini as receiver for the affairs of these corporations. Last fall, Mrs. Dolman was instructed by Mr. Gentry that to see DMEA files, she would have to have the president of the company's permission to do so, but since she had sued him she could not ask for his O.K. Now that Mr. Campini has been made receiver of their affairs, Mrs. Dolman feels that she and Mr. Campini both could look at the files. She is interested in reviewing subject contract, and what mining claims are involved in the contract.

Enclosed are three letters and a copy of a court order appointing Mr. Americo Campini as a receiver for the affairs of the above subject. Please advise if Mr. Campini and Mrs. Dolman are authorized to review the files.

No

Paul V. Fillo
Paul V. Fillo

Enclosures 4

FILED

MAR 16 1962

OLIVER F. PRATT, CLERK

BY _____ DEPUTY

Frances C. Bullock

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA

* * * * *

HELEN DELMAS, LAWRENCE HUNT LEE, E. P. R. DUVAL, JAMES KEITH MARSHALL, JR., and KATHERINE HANSBROUGH, individually and on behalf of the stockholders of Ely Valley Mines, Inc., and on behalf of the stockholders of Pioche Mines Consolidated, Inc., a corporation, Plaintiffs, vs. ELY VALLEY MINES, INC., a corporation, PIOCHE MINES CONSOLIDATED, INC., a corporation, JOHN JANNEY, et al, Defendants.	Civil No. 311

ORDER APPOINTING RECEIVER

The motion of plaintiffs for an order appointing a receiver over the affairs of defendant corporations Pioche Mines Consolidated, Inc., and Ely Valley Mines, Inc., having come on before this Court for hearing, all parties being before this Court both in person and by their respective counsel, and it further appearing that plaintiffs' complaint and amended complaint, filed herein by them individually and on behalf of the stockholders of said defendant corporations, prayed, among other things, for an order restraining defendant John Janney from exercising any control or entering into any transactions with regard to said defendant corporations, evidence having been

introduced, and this Court having been fully advised in the premises, now, therefore

I

This Court finds that plaintiff Helen Bohman is a resident and citizen of the State of California; that plaintiff Lawrence Hunt Lee is a resident and citizen of the State of Virginia; that plaintiff E. P. R. Duval is a resident and citizen of the State of Arkansas; that plaintiff James Keith Marshall is a resident and citizen of the State of Virginia; that plaintiff Katherine Hambrough is a resident and citizen of the State of Virginia; that defendants Sky Valley Mines, Inc., a corporation, and Pinche Mines Consolidated, Inc., a corporation, are each a corporation incorporated under the laws of the State of Nevada having its principal place of business in the State of Nevada; that defendant John Janney is a resident and citizen of the State of Nevada; and that the amount in controversy exceeds the sum of $10,000, exclusive of interest and costs; and that this Court has jurisdiction of this action by virtue of 28 U.S.C.A. § 1332.

II

This Court finds that said defendant corporations are, and for many years last past have been, wrongfully controlled by said defendant John Janney; by virtue of said wrongful control by said John Janney, said corporations, without just cause therefor, do not have validly elected boards of directors; by virtue of said wrongful control by said John Janney, said corporations, without any valid reason therefor, have not held a meeting of the respective stockholders thereof for many years last past; by virtue of said wrongful control by said John Janney, said corporations have failed to maintain proper records showing the names and addresses of the respective stockholders thereof; that the said John Janney has been guilty of gross

mismanagement in the conduct and control of said corporations; by virtue of said wrongful control by said John Janney, the assets of said corporations are in danger of waste, sacrifice or loss through attachment, foreclosure, litigation or otherwise; by virtue of said wrongful control by said John Janney, said corporations are unable to pay their debts or other obligations as they mature; that the affairs of said corporations are being conducted by the said John Janney in a manner prejudicial to the interests of their respective stockholders.

III

IT IS HEREBY ORDERED that ARTHURS GAMPERT be, and he hereby is, appointed receiver over the affairs of said defendant corporations, Pioche Mines Consolidated, Inc., and Sky Valley Mines, Inc., and is hereby ordered to take into his possession and safely keep until further order of this Court all of the assets, files, papers, records, documents, moneys, securities, shares in action, books of account, and all other property real, personal or mixed of the said corporations now in the State of Nevada and the jurisdiction of this Court, pending the final determination of this suit or until further order of this Court.

IV

IT IS FURTHER ORDERED that said defendant corporations, their officers, managers and agents, are restrained from disposing of, transferring or removing any of their assets, properties, books, files, records and accounts, and they and each of them and all other parties having property in their possession or under their control belonging to said corporations are hereby directed to deliver the same to said receiver.

V

IT IS FURTHER ORDERED that said receiver shall retain possession of said property and continue to discharge the

duties of his said trust as aforesaid until the further order of this Court, and from time to time make report of his doings in the premises, and from time to time apply to this Court for such other and further orders and decrees as are necessary and requisite in the due administration of his trust.

VI

IT IS FURTHER ORDERED that said receiver, before entering upon the discharge of his duties as herein provided, shall execute and file with the Clerk of this Court, a bond in the amount of $150,000 with good and sufficient surety to be approved by this Court.

DATED: This 16th day of March, 1962.

ROGER T. FOLEY

UNITED STATES DISTRICT JUDGE.

January 6, 1961

REPORT TO STOCKHOLDERS OF CURRENT STATUS
OF AFFAIRS OF PIOCHE MINES CONSOLIDATED, INC.

On February 26, 1960, the undersigned Helen Dolman, who is a stockholder in Pioche Mines Consolidated, Inc., filed a lawsuit in her own name and on behalf of all of the other stockholders of said corporation, against the corporation and against John Janney, its president, and other unnamed defendants.

This action was filed in the United States District Court for the District of Nevada, bearing that Court's number "311."

The purpose of this lawsuit was twofold: First, to compel the defendants to pay the delinquent property taxes on the real and personal property owned by the corporation; second, to compel John Janney, president of the corporation, to account for his mismanagement of the affairs of the corporation for the period of the last twenty years or more.

The first purpose has been accomplished. As a result of these legal proceedings, the taxes were paid and the mining properties of this corporation were saved for the stockholders.

The second phase of these proceedings is still before the Court. To the present date, the said John Janney has failed to appear and answer the charges made against him.

Some of these charges made against him are the following: Failure to carry out the purposes of the Ely Valley Trust, which was formed for the specific purpose of protecting the stockholders of Pioche Mines Consolidated, Inc., and which trust agreement reads in part as follows:

> "[T]o guard the stockholders' interests in the Pioche Mines Company, a Nevada corporation, and to protect their rights in the event of action adverse to their interests, or in any matter affecting their rights, either as stockholders of the Pioche Mines Company or as stockholders in exchange of shares in the Pioche Mines Consolidated, Inc., Nevada corporations; and in the event of litigation affecting the interests of these stockholders of the said companies, to provide, if possible, by the use of properties herein conveyed in trust such money as may be needed for the protection of the interests of the said stockholders. * * *

"The purpose of the above trust and the intent of this agreement is to provide for the protection of the stockholders of the Pioche Mines Co. and of the Pioche Mines Consolidated, Inc., from the actions of certain debenture holders who have made it impossible to sell securities or to borrow money to defray the necessary expenses of said company, and to protect their properties and especially in the event that suit should be brought by said debenture holders to provide for the expenses incident to the defense of such suit."

Funds were raised for this purpose by the formation of a corporation known as Ely Valley Mines Corporation, and the sale to the said corporation of personal assets of John Janney at a greatly inflated figure. The funds so raised were also used in large part for other purposes, including $106,000.00 to John Janney, personally, and have now been exhausted. Among the funds so expended were $61,500.00 invested in Calaveras Central Gold Mines, Ltd., $30,000.00 in Denver Oil Investments, $76,952.33 in Cobb-Stringer Drilling, and $407,000.00 in Oriental Refining, all of which are now practically worthless.

Said funds having been exhausted, within the past several years, John Janney on behalf of said corporation borrowed the sum of $20,000.00 and promised to repay therefor, out of the assets of said corporation, the sum of $40,000.00 in cash, $20,000.00 in stock, together with a bonus for the negotiation of said loan of $10,000.00, plus the cancellation of a note in the amount of $2500.00 owed to the corporation. Said sum so borrowed by John Janney on behalf of the corporation has been expended.

John Janney has ordered the pumps in the mines owned by the corporation removed; the mines are thereby being flooded with subterranean waters.

Said John Janney has cancelled all liability and property damage insurance of said corporation, and the properties of said corporation are now completely uninsured.

Said John Janney has sold most of the equipment belonging to the said corporation.

Payrolls have not been met.

Said John Janney refused to allow stockholders in the corporations to examine the books and records of the said corporations until compelled to do so by court order.

John Janney has, in violation of law, refused to call or allow to be called, a stockholders' meeting of Pioche Mines Consolidated, Inc., for many years last past, though repeated proper demands for the same have been made to him.

Several of the leading mining companies of the United States have attempted to negotiate for the sale or lease of mining properties owned by the corporation, but such attempts have been rejected by John Janney.

An answer to the complaint was filed by the corporation itself, but no answer or appearance has yet been made by the said John Janney to the above charges.

The attorney who prepared the said answer on behalf of the said corporation terminated his representation of the said corporation and thereafter instituted legal proceedings against it and against the said John Janney, alleging that the actions of the said John Janney are contrary to the interests of the stockholders of said corporation.

Said attorney and his associate are now petitioning the Federal Court for their appointment as receivers of all of the assets of Pioche Mines Consolidated, Inc., and Ely Valley Mines, Inc. In this suit they claim to be the present full owners of Pioche's claim against Fidelity-Philadelphia Trust Company, which said claim has been estimated by the said attorney to be of the minimum value of $2,500,000.00 and a potential value in excess of $12,000,000.00. This claim constitutes one of the principal assets of Pioche Mines Consolidated, Inc.

The claim of said attorney is based upon a purported contract allegedly entered into between himself and his associate and the said corporation and John Janney, whereby he was promised by the said John Janney the following, among other things: The sum of $100,000.00 or 10% of the recovery against Fidelity-Philadelphia Trust Company, whichever was greater; an assignment, as a gift, to the Fund for American Leadership, Inc., a corporation previously formed by the said attorney, of an additional 10% interest in the said litigation. Said attorney, and his associate, under the terms of said purported agreement, now claim to be the owners of the entire cause of action held by Pioche Mines Consolidated, Inc., against Fidelity-Philadelphia Trust Company, by reason of the alleged failure of John Janney to perform the obligations undertaken in the said contract.

The above claims are, of course, being resisted by the undersigned on behalf of the stockholders of Pioche Mines Consolidated, Inc., not only as an outrageous fraud upon the said stockholders, but also as a fraud upon the Court, arising out of certain representations made to the Court by the said attorney that no financial obligations would be incurred by the said corporation.

All of these various matters had been set for hearing before the Federal Court on December 8, 1960, but the hearing thereof has been continued by the Court to a date yet to be determined but which, we believe, will be some time in the near future. Efforts by the undersigned to contact all stockholders of this corporation are continuing, despite the fact that the management of the corporation itself maintained noadequate records thereof.

Request is made for your cooperation in any one of the following ways:

(A) Join with me as a co-party plaintiff in the action I have filed on behalf of all stockholders against the present management of the corporations; (B) execution of a proxy for use at a meeting of the stockholders of the said corporation which we hope to force in the near future; (C) furnishing information respecting your particular interest in the said corporation, and any facts you may know with regard to the affairs of the corporation.

A return envelope is enclosed for your convenience. My attorneys in these matters are the firm of Sullivan, Roche, Johnson & Farraher, 220 Bush Street, San Francisco 4, California. You may communicate directly with them, if you wish.

Please be assured that no personal financial obligation whatsoever will be incurred by you in following any of the above-suggested courses of action.

Thank you for your courteous consideration of this matter.

Helen Dolman

Helen Dolman

THEODORE ROCHE, JR.
JAMES FARRAHER
THEODORE A. KOLB
VINCENT J. MULLINS
ARTHUR H. CONNOLLY, JR.
MATT I. SULLIVAN (1857-1937)
THEO. J. ROCHE (1876-1958)
HIRAM W. JOHNSON (1866-1945)
GERALD J. O'CONNOR
ROBERT C. NEWMAN
LESTER A. WEST
ROBERT G. COOK
ALBERT BIANCHI
DANIEL H. DIBERT

SULLIVAN, ROCHE, JOHNSON & FARRAHER
ATTORNEYS AT LAW
MILLS TOWER, 220 BUSH STREET
SAN FRANCISCO 4
DOUGLAS 2-2822

SANTA BARBARA OFFICE
205 EAST CARRILLO STREET
WOODLAND 5-0027

April 20, 1960

This letter is addressed to you as a stockholder of Pioche Mines Consolidated, Inc., a Nevada corporation.

On February 26, 1960, the undersigned Helen Dolman, who is a stockholder in said corporation, filed a lawsuit in her own name and on behalf of all of the other stockholders of said corporation, against the corporation and against John Janney, the president, and other unnamed defendants.

This action was filed in the United States District Court for the District of Nevada, bearing that Court's number "311."

The purpose of this lawsuit was twofold: First, to compel the defendants to pay the delinquent property taxes on the real and personal property owned by the corporation. The Tax Collector of Lincoln County, State of Nevada, had indicated that said property would be sold, without possibility of redemption, if said taxes were not paid by April 22, 1960. There has already been a hearing on this matter, and it there appeared, by the statement of an attorney who was retained for said corporation by John Janney, that the taxes would be paid prior to said forfeiture date. The undersigned offered, in open court, to loan to the corporation sufficient funds to pay all of said taxes, and the Court ordered that this be done unless the taxes were paid by the corporation prior to April 11, 1960. The undersigned has just learned that the taxes and penalties were in fact paid by the corporation on April 1, 1960.

The second count of this lawsuit charges John Janney with mismanagement of the affairs of the said corporation for his own benefit. Said corporation attorney expressly disclaimed that he was appearing for Mr. Janney. Mr. Janney has failed to file an answer in said lawsuit as of this date.

Many years ago, the Ely Valley Trust was instituted

"[T]o guard the stockholders' interests in the Pioche Mines Company, a Nevada corporation, and to protect their rights in the event of action adverse to their interests, or in any matter affecting their rights, either as stockholders of the Pioche Mines Company or as stockholders in exchange of shares in the Pioche Mines Consolidated, Inc., Nevada corporations; and in the event of litigation affecting the interests of these stockholders of the said companies, to provide, if possible, by the use of properties herein conveyed in trust such money as may be needed for the protection of the interests of the said stockholders.* * *

"The purpose of the above trust and the intent of this agreement is to provide for the protection of the stockholders of the Pioche Mines Co. and of the Pioche Mines Consolidated, Inc., from the actions of certain debenture holders who have made it impossible to sell securities or to borrow money to defray the necessary expenses of said company, and to protect their properties and especially in the event that suit should be brought by said debenture holders to provide for the expenses incident to the defense of such suit. And in carrying out the provision of this trust, it is agreed that the Trustee will confer and advise with the Protective Stockholders' Committee, composed of the following stockholders: J. Harry Crafton, representing the Virginia stockholders; Otto U. Von Schrader, representing the Washington, D. C. stockholders; T. Mitchell Hastings, representing the Philadelphia stockholders, and R. K. Baker, and A. L. Putnam, representing the Boston stockholders."

Funds were raised for this purpose by the sale to the corporation thereafter formed, of personal assets of John Janney at a greatly inflated figure. Said funds were used in large part for other purposes, including $106,000.00 to John Janney, and have now been exhausted. Among the funds so expended were $61,500.00 invested in Calaveras Central Gold Mines, Ltd., and $30,000.00 in Denver Oil Investments, $76,952.33 in Cobb-Stringer Drilling, and $407,000.00 in Oriental Refining.

Said funds having been exhausted, within the past several years, John Janney on behalf of said corporation borrowed the sum of $20,000.00 and promised to repay therefor, out of the assets of said corporation, the sum of $40,000.00 in cash, $20,000.00 in stock, together with a bonus of $10,000.00 for the negotiation of said loan, together with a further bonus for the negotiation of said loan in the form of the cancellation of a note in the amount of $2500.00 owed to the corporation. Said sum so borrowed by John Janney on behalf of the corporation has been expended.

John Janney has ordered the pumps in the mines owned by the corporations removed; the mines are thereby being flooded with subterranean waters.

Said John Janney has cancelled all liability and property damage insurance of said corporations, and the properties of said corportions are now completely uninsured.

Said John Janney has sold most of the equipment belonging to the said corporations.

Payrolls have not been met.

Said John Janney refused to allow stockholders in the corporations to examine the books and records of the said corporations until compelled to do so by court order.

John Janney has, in violation of law, refused to call or allow to be called, a stockholders' meeting of Pioche Mines Consolidated, Inc., for many years last past, though repeated proper demands for the same have been made to him.

Several of the leading mining companies of the United States have attempted to negotiate for the sale or lease of mining properties owned by the corporation, but such attempts have been rejected by John Janney.

The purpose of this letter is threefold:

First, we wish to invite you to join as a party plaintiff in the above litigation.

Second, we ask you to sign the enclosed demand for the calling of a stockholders' meeting for the purpose of investigating the above matters, for discussing the advisability of having an audit made of all of the affairs of the corporation by an independent examiner and the advisability of accepting an offer for the sale or lease of the mining properties of the corporation, as well as investigating the possibility of settling certain litigation now pending against Fidelity Philadelphia Trust Company.

Third, we urge you to attend such meeting in person. In the event that you are unable to do so, we request you to execute the enclosed proxy for purposes of voting your shares at such meeting, in conformity with this letter.

It would be appreciated if you would address your reply to this communication to the attorneys for the undersigned, whose address appears on the above letterhead, to the attention of Mr. James Farraher.

It would also be appreciated if you would advise us of the names and addresses of any other stockholders of Pioche Mines Consolidated, Inc., who you think would be interested in this communication. The directors have, in violation of Nevada law, in a number of instances failed to keep accurate records of the names and addresses of many stockholders.

Very truly yours,

Helen Dolman

Helen Dolman
1790 Jackson Street
San Francisco 9, California

July 20, 1960

This is a report on the current status of the affairs of Pioche Mines Consolidated, Inc., and constitutes a followup of my letter dated April 20, 1960.

First of all, the litigation instituted by me on behalf of all of the stockholders of Pioche Mines Consolidated, Inc., has been set for a pre-trial hearing on November 9, 1960.

Mr. John Janney continues to absent himself from the State of Nevada, and has failed thus far to appear in the litigation and answer the charges therein made against him. A counter-claim has been filed in that litigation, ostensibly on behalf of the corporation but in reality directed by Mr. Janney, charging me with bad faith in instituting this litigation to protect the stockholders of Pioche Mines Consolidated, Inc.; said counter-claim asserts that the stockholders of Pioche Mines Consolidated, Inc., have no cause for complaint. In view of this action, I would request you to write to me, in care of my attorneys, Sullivan, Roche, Johnson & Farraher, 220 Bush Street, San Francisco, California, relating the circumstances of your individual case.

We expect to prove our cause of action at the trial of this case, but we would like to have as much additional evidence to present to the court as can be obtained.

With regard to the demand for stockholders' meeting, and proxy therefor, which was solicited in my previous letter to you, please be advised as follows: The list of stockholders, and addresses therefor, which was maintained by the corporation, has proved to be incomplete, incorrect, and to a large extent valueless in

attempting to ascertain the whereabouts of many of the present stockholders of Pioche Mines Consolidated, Inc. Due to this fact, we have been unable to secure a sufficient number of signatures for the demand for a stockholders' meeting to compel the same, pursuant to the by-laws of the corporation, although we have received demands and proxies representing a substantial part of the total outstanding stock of the corporation. The corporation, and its directors, have not, of course, called such a meeting voluntarily, nor has any meeting of stockholders been held for many years last past. This is in direct violation of the mandatory requirements of the law.

We are therefore preparing a petition to be presented to the court in the above-referred to proceedings, requesting the court to order the calling of a stockholders' meeting at a date in the near future. We will keep you advised of developments in this matter as they occur.

A number of the stockholders have written to me or to my attorneys inquiring what financial obligation, if any, will be incurred by them if they join with me in this matter. Please be assured that no financial obligation whatsoever will be incurred by any such action.

Very truly yours,

Helen Dolman

Helen Dolman

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
555 Battery Street
San Francisco 11, California

OFFICIAL FILE COPY
O. M. E
RECEIVED APR 2 1962

March 27, 1962 800
4/5 Brewvald 500

220

Memorandum

To: E. D. Talbert, Acting Chief, Contract Administration and Audit Division, OME, Washington, ~~D. C.~~

From: Acting Field Officer, OME, Region II

Subject: DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

In reference to your memorandum of March 12, 1962, our files have no record of further production or activity of the subject contract.

?

Paul V. Fillo

Paul V. Fillo

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/12	Talbert	800
3/12	Selfridge	120
		210

Memorandum MAR 12 1962

To: Acting Field Officer, Region II

From: Acting Chief, Contract Administration & Audit Division (Signed) E. D. Talbert

Subject: DMA-66X(Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E 404

According to the files of the Washington office the last report on the status of the subject property covers the period ending December 31, 1958. Your advise as to whether any examination of the property has been made or any information has been received on its status since that date will be appreciated. I assume, however, that the property has remained inactive.

In reviewing the docket file, I have noted that production was reported by Mr. Gentry during 1953. In a report of an examination on April 2, 1953, the following statement appears:

> "Manganese ore is being mined at the rate of approximately 30 tons per day and at the time of inspection about 500 tons had been produced. This ore is being shipped, via truck, to the Caselton Plant of the Combined Metals Reduction Company and is reported to have averaged 19% Mn."

In a later report dated February 8, 1954, Mr. Gentry states:

> "The applicant retains a watchman at the mine and has employed a small crew in the production of manganese ore from upper levels and above the water line."

On page 6 of the Field Team's Final Report dated November 30, 1957, appears the following apparently conflicting statement:

> "No ores were produced, no royalties have been paid, and no royalty is due the Government."

Am I correct in assuming that none of the reported production came from the property under the contract, i.e. the Ely Valley Claim and the Ely Valley No. 3 Claim?

EDTalbert/cac
cc: Director' reading file
CA&A Division

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
6/2	Alley	800
	e	220

JUN 2 1959

Memorandum

To: Mr. George Mavor, OME Auditor

From: E. D. Talbert, Acting Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: Docket No. DMEA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Contract No. Idm-E404

Your Report of Royalty Review on the above-cited contract is acceptable and normal distribution is authorized.

AMAlley/ama
June 2, 1959

Copy to: Docket
Director's Reading File
CA & A Division

43683

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
3/4	Griswold	500
3/7	[illegible]	130
"	[illegible]	110
		~~100~~
		~~[illegible]~~
3/10	C	200
		~~500~~
		225

MAR 7 1958

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. LM[illegible]-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Ion-E404

Dear Mr. Ricker:

We have your memorandum of February 12, 1958, suggesting that we waive the Operator's final report on the cited project. We are hereby waiving this requirement, since so little work was done on the project and since an Operator's report could add little in the way of significant information.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

WRGriswold/er 2/27 & 3/4/58)

Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb (FDL)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

8623

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code
2/27	[illegible]	500
2/28	[illegible]	130
		~~110~~
		~~100~~
		220
		500

500

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMEA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract No. Idm-2404

Dear Mr. Ricker:

We have your memorandum of February 12, 1958, suggesting that we waive the Operator's final report on the cited project. By all means, do so, rather than opening the door for additional fruitless correspondence.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

WRGriswold/er 2/27/58
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

We are hereby waiving this requirement since the [illegible] work done on the project and since an Operator's report would add little to the very significant information.

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

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February 12, 1958

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Contract No. Idm-E 404

I note in our files that we have neglected to comment on your letter of October 23, 1957 relative to the Operator's final report.

We recommend that the Operator's final report be waived, as pertinent data that would add to the information included in our final report could not be furnished by the Operator. In addition, if we requested a report from the Operator, we would probably never receive it and our request would give Mr. Janney the opportunity to reopen a lengthy voluminous correspondence that would be costly, annoying, and fruitless.

S. Ricker

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IN REPLY REFER TO:

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

December 12, 1957
Re: DMA-66X, Idm-E404
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada
Lead-zinc

Memorandum

To: W. R. Griswold, Defense Minerals Exploration Administration

From: N. E. Nelson, U. S. Geological Survey

Subject: Review of Field Team Final Report

The contract entered into September 23, 1952, approved the expenditure of $86,200.00 on a search for zinc-lead orebodies in down faulted blocks of CM limestone beds. The exact position of the beds, vertically, is not known, so a crosscut up to 1,600 feet long was allowed for. Diamond drilling was to be used to locate possible orebodies.

The operator was poorly financed and only 156.7 feet of the crosscutting was completed. Preparatory work was done in the shaft, etc., and the total cost of the work amounted to $10,109.50. The contract was terminated as of September 1, 1953, and a pseudo-certification became effective July 1, 1956.

The examiners presume ore reserves of the same magnitude as existed in the Ely Valley mine, that is several hundred thousand tons of about 10% zinc and 1% lead ore, exist in the down faulted block. Therefore, in their opinion, the possibility of discovering significant ore reserves in the target area remains.

I agree that a geologic target remains.

N. E. Nelson

N. E. Nelson

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12/11	2HB	130
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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

December 4, 1957

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Acting Executive Officer, DMEA Field Team
Region II

Subject: Docket No. DMA-66X (Lead-Zinc)
Contract Idm-E 404
Ely Valley Mines, Inc.
Ely Valley Mine
Lincoln County, Nevada

Enclosed are four copies of our final report on subject contract by Glenn G. Gentry, Bureau of Mines, and R. H. Campbell, Geological Survey.

Roscoe M. Smith
Roscoe M. Smith
Acting Executive Officer

Attachments

Reviewed by
DMEA OPERATING COMMITTEE
12-11-57
(date)

F. Team
Final Rpt.

BUREAU OF MINES
WASHINGTON, D. C.
DEC 6 9 15 AM '57

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UNITED STATES
DEPARTMENT OF THE INTERIOR
FRED A. SEATON, SECRETARY

DEFENSE MINERALS EXPLORATION ADMINISTRATION

REPORT OF EXAMINATION BY FIELD TEAM
REGION II

FINAL REPORT

DMA-66X, Contract Idm-E404 (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley mine, Lincoln County, Nevada

by

Glenn G. Gentry
U. S. Bureau of Mines

R. H. Campbell
U. S. Geological Survey

November 30, 1957

Reviewed by
DMEA OPERATIONS CONTROL
12-11-57
(date)

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3 . . . . . Geologic section
4 . . . . . Ely Valley mine, 1200 level
5 . . . . . Assay map
6 . . . . . Ely Valley mine, proposed 1200 level

INTRODUCTION

The Ely Valley mine was partly explored by Ely Valley Mines, Inc., Pioche, Nevada, Mr. John Janney, president, in cooperation with the Defense Minerals Exploration Administration, docket DMA-66X, contract Idm-E404 dated September 23, 1952.

The sections in this report on Geology, Ore Deposits, and Ore Reserves are based on DMEA memorandum reports by R. M. Smith, Charles M. Tschanz, and C. F. Park, Jr., and on the published report by Westgate, Lewis G., and Knopf, Adolph, 1932: Geology and Ore Deposits of the Pioche District, Nevada, USGS Prof. Paper 171. The maps and cross sections accompanying this report were supplied by C. F. Park, Jr., and C. M. Tschanz of the U. S. Geological Survey, and the DMEA work was mapped by Glenn G. Gentry of the U. S. Bureau of Mines.

SUMMARY

The purpose of the project was to explore the faulted continuations of the Susan Duster and Combined Metals limestone members of the Pioche shale in an unexplored block east of the No. 2 shaft by crosscutting on the 1200-foot level into the hanging wall of the No. 2 fault.

The work done consists of rehabilitating and deepening the No. 2 shaft, constructing a pocket and crosscutting on the 1200-foot level 115 feet on a course N. 30° E. The contract called for a total

expenditure of $86,200, but only $10,109.50 was expended owing to financial difficulties of the operator. The Government's participation at 50 percent was $5,054.75.

Work commenced on November 28, 1952 and was discontinued in July 1953. Amendments 2, 3, 4, and 5 extended the time to September 23, 1957.

The target area of the proposed work was never reached. Every effort on the part of the Government was made to give the operator sufficient time to make financial arrangements so that the work could be concluded. It eventually became evident that the operator could not proceed with the work and he was notified, by a letter dated July 13, 1956, that the contract was terminated as of September 1, 1953 under provisions of Item 4 (a) (1) and that a pseudo-certification of discovery or development became effective July 1, 1956.

CONCLUSIONS AND RECOMMENDATIONS

The part of the exploration completed did not disclose minable deposits of lead-zinc ore because the work was stopped prior to reaching the geological target.

The past production record, ore reserves, and the geological formations observed all indicated the possibility of discovering significant deposits of zinc ores in the Susan Duster and/or the

CM limestone beds in the hanging wall of the No. 2 fault which would be explored by crosscutting approximately 1,600 feet easterly on the 1200-foot level. Government assistance to an operator with sufficient funds to carry on his participation in exploration would warrant favorable consideration.

The work completed can be used eventually to reach the target in less time and at less cost than previously. It will also be of direct benefit to future production from the area east of the shaft on the 1200-foot level. For this reason the pseudo-certification that became effective with the termination of the contract is justified.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The exploration project was on the 1200-foot level in the No. 2 shaft of the Ely Valley mine. It is approximately three miles northwest of Pioche, Lincoln County, Nevada, and is reached from Pioche by traveling north, on all-weather roads, via U. S. Highway 93, two miles; thence turn left (west) one mile (fig. 1).

All-year operations can be maintained. Adequate labor and supplies may be obtained in Pioche and necessary repairs can be made in the operator's machine shops located adjacent to the shaft. Electric power and water are supplied by company facilities. Telephone, telegraph, and trucking services may be obtained through the mine office of the company.

Railroad freight service may be obtained from the Union Pacific Railway Company at Pioche where living quarters and adequate housing are available.

PROPERTY

The patented mining claims included in the project and specified in the contract are:

Ely Valley	Patent No. 221093	Survey No. 3725
Ely Valley No. 3	Patent No. 221093	Survey No. 3725

The claims are located in Ely Valley mining district, Lincoln County, Nevada, and are owned by the operator.

Production of zinc sulfide ores from the Ely Valley mine during past years is reported as approximately 600,000 tons averaging from 9 to 11 percent zinc and less than 1 percent lead.

The crude ore was concentrated in the company-owned mill situated three miles easterly from the mine.

THE DMEA PROJECT

The exploration work was performed in the No. 2 shaft and on the 1200-foot level from this shaft, all on the Ely Valley claim.

The following table summarizes the work specified in the contract and the work completed:

Description of the work	Allowed Footage	Allowed Cost	Completed Footage	Completed Cost
Clean out and rehabilitate present shaft just above 1200-ft. level @ $30.00/ft.	50	$1,500.00	50	$1,500.00
Deepen present shaft to provide necessary sump and install necessary timbers @ $100.00/ft.	20	$2,000.00	19.25	$1,925.00
Construct pocket* below 1200-ft. level to handle rock from 1200-ft. level.	--	$1,200.00	--	$1,200.00
Construct water-tight bulkhead* in 1200-ft. level crosscut.	--	$3,000.00	--	partly constructed at operator's expense after contr. terminated.
(Amend. 1, 8/26/56) Crosscut from shaft at 1200-ft. level, not to exceed 1600 ft., incl. widening near shaft @ $35.00/ft.	1,600	$56,000.00	115 41.7 156.7	$5,484.50
Diamond drill from 1200-ft. level (6 holes upward, 6 holes downward)-total not to exceed 3,000 ft. @ $7.50/ft.	3,000	$22,500.00	--	--
Totals:		$86,200.00		$10,109.50

*complete job is the unit.

Government participation at 50 percent	$43,100.00	$5,054.75

Work pursuant to the contract which has not been completed and for which no reimbursement has been claimed by the operator and no payment has been made by the Government:

	Cost
Construct water-tight bulkhead	$3,000.00
Crosscut 1443.3 ft. @ $35.00/ft.	50,515.50
Diamond drill, not to exceed 3,000 ft. @ $7.50/ft.	22,500.00
Deepen shaft 0.75 ft. @ $100.00/ft.	75.00
Total unexpended	$76,090.50
Government's share unexpended	$38,045.25

The Government has no financial interest in any machinery, equipment, or supplies purchased for the project by the operator.

No ores were produced, no royalties have been paid, and no royalty is due the Government.

The exploratory work completed is in accordance with the contract and is satisfactory to the Government.

The DMEA work on the shaft and on the 1200-foot level was in gently-dipping beds of the Prospect Mountain quartzite, which are cut by numerous small, north-striking fractures. These fractures range from 2 inches to 6 inches in width and contain white quartz and a little iron pyrite. Samples taken by the operator and DMEA indicate an average of less than 0.1 percent lead and 0.2 percent zinc.

GEOLOGIC SETTING

The Ely Valley mine is on the northeast flank of the Ely Range in an area of deep alluvium. The bedrock formations from oldest to youngest are the Prospect Mountain quartzite 2,000 feet thick, the Pioche shale 970 feet thick, and the Lyndon limestone 345 feet to 400 feet thick, all of Cambrian age, which have been tilted and faulted and are intruded by granodiorite of probable Tertiary age.

The Pioche shale is a hard, sandy, generally micaceous shale locally containing as many as four limestone members. The lowest limestone member is the Combined Metals limestone (CM limestone) and is as much as 50 feet thick. The other, higher, limestone members are generally thinner, ranging from 5 to 15 feet in thickness.

The sedimentary rocks appear to be generally flat-lying to gently-dipping southwest except adjacent to faults where the beds show the effect of drag along the fault zones. Normal faults, striking northwest and dipping steeply to the northeast, are prominent in the mine area and most of the Ely Valley mine workings are in a block of sedimentary rocks between two of these normal faults, the southwest of which is known as the Uplift fault and the northeast of which is known as the No. 2 fault. In the vicinity of the 1200-foot level the workings are in the Prospect Mountain quartzite which strikes N. 45° W. and dips 30° SW. in the

footwall of the Uplift fault. A vertical fault striking N. 70° W., known as the Ely Valley fissure, is exposed in the upper part of the Ely Valley mine shaft, but no displacement has been mapped along it in the cross section (fig. 3). On the Uplift fault the northeast block has been dropped approximately 1200 feet, and on the No. 2 fault the displacement is unknown, but is possibly on the order of several hundred feet. Close-spaced, flat-lying thrust faults are inferred in the Lyndon limestone northeast of the No. 2 fault where welded tuffs of probable Tertiary age are interlayered with the Cambrian limestone. The flat-lying thrust faults are believed to be pre-ore and post-Tertiary volcanics.

Granodiorite porphyry in the hanging wall of the No. 2 fault was cut by diamond drill holes from the 600-foot level of the mine workings. Its minimum thickness ranges from 50 feet to 177 feet, and its maximum thickness is unknown. It is assumed to be a dike filling a part of the No. 2 fault zone and to be bounded on the northeast by sedimentary rocks. Its thickness at the 1200-foot level is not known.

Although the granodiorite dike (?) along the No. 2 fault is reported to be locally weakly mineralized with sulfides, much of the movement on the No. 2 fault is post-ore, and major movement on the other normal faults is assumed to be post-ore.

ORE DEPOSITS

The ore deposits of the Ely Valley mine are mixed sulfide replacement deposits in the CM limestone and, to a lesser extent, in the Susan Duster limestone members of the Pioche shale. Although elsewhere in the district the Lyndon limestone is an important ore-bearing horizon, no ore bodies are reported to have been mined in it from the Ely Valley No. 2 shaft.

The CM limestone has been the principal ore-bearing bed in the Ely Valley mine area and most of the recorded production has been from ore bodies in it. Limestone members of the Pioche shale other than the CM and Susan Duster beds are mineralized in the mine area but are not known to contain important ore deposits. Although many of the faults in the mine area are weakly mineralized, fissure ores have not been important except near the surface along the Ely Valley fissure in the Lyndon limestone where Westgate and Knopf reported the vein is 20 feet thick and consists of a porous, cavernous mass of siliceous manganiferous limonitic ore reported to carry $20 to the ton in silver, lead, and gold. In the lower workings however, in the Pioche shale and Prospect Mountain quartzite, fissure ores have not been economically important at the Ely Valley mine.

According to Westgate and Knopf, the unoxidized portions of the replacement ore bodies are silver-bearing pyrite sphalerite galena bodies that range from solid sulfide masses to ores that are more or less manganiferous. Production figures for the Ely Valley mine indicate that the ore averaged approximately 10 percent zinc and less than 1 percent lead. The production has been exclusively from the block between the Uplift fault and the No. 2 fault.

Some of the ore bodies are apparently quite large; one in the drag zone of the No. 2 fault has been mined 20 feet wide for a strike length of about 200 feet and down the dip as much as 50 feet. Ten thousand tons of ore are reported to have been mined from this ore body. The DMEA program was an attempt to explore for additional ore bodies in limestone members of the Pioche shale in the down-dropped block to the northeast of the No. 2 fault.

SAMPLING

Operator's samples in No. 2 shaft, 1187 feet below collar of shaft:

Sample No.	Width, inches	Ozs./Ton Au	Ozs./Ton Ag	Percent Pb	Percent Zn	Percent Cu	Percent Fe
A-81	--	0.05	0.88	0.2	4.8		
A-82	--	0.005	0.16	0.15	0.3		
Operator's samples 1200-foot level crosscut:							
A-83	--	0.01	0.15	--	0.1	0.2	
A-84	3	--	trace	0.05	0.15	0.10	
A-85	12	--	--	0.05	0.20	0.15	
A-86	6	trace	0.14	0.20	0.25	0.10	
A-87	10	--	0.07	0.05	0.10	0.05	
A-88	2	--	trace	0.05	0.10	0.10	
A-89	4	--	--	0.15	0.20	0.20	

DMEA Samples:

Sample No.	Width, inches	Ozs./ton Au	Ozs./ton Ag	Percent Pb	Percent Zn	Percent Cu	Percent Fe
BM-481	6	0.02	0.50	0.01	5.6	0.10	23.95
quartz filled fissure in shaft at 1200-foot level.							
BM-615	8	trace	trace	<0.02	<0.2	<0.02	
1200-foot level crosscut, quartz filled fissure, 16 feet west of face.							
BM-616	6	trace	trace	<0.02	0.2	0.05	
1200-foot level crosscut, quartz filled fissure 4.8 feet west of face.							

ORE RESERVES

No ore reserve blocks have been mapped or measured in the mine area but the operator estimates that about 40,000 tons of ore containing 10 percent zinc and less than 1 percent lead remain in the mine.

As the major movement on the normal faults is believed to be post-ore, there is a reasonable chance that additional ore bodies of significant size and grade are present in the favorable limestone horizons of the Pioche shale in the down-dropped block to the northeast of the No. 2 fault. It is not unreasonable to presume that the reserves in this block of ground may be of the same order of magnitude, that is several hundred thousand tons, as the past production of the Ely Valley mine. No reserves were found by the uncompleted DMEA program but the possibility of discovering significant ore reserves in the target area remains.

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DMA-66X
Idm-E404
(Lead-Zinc)

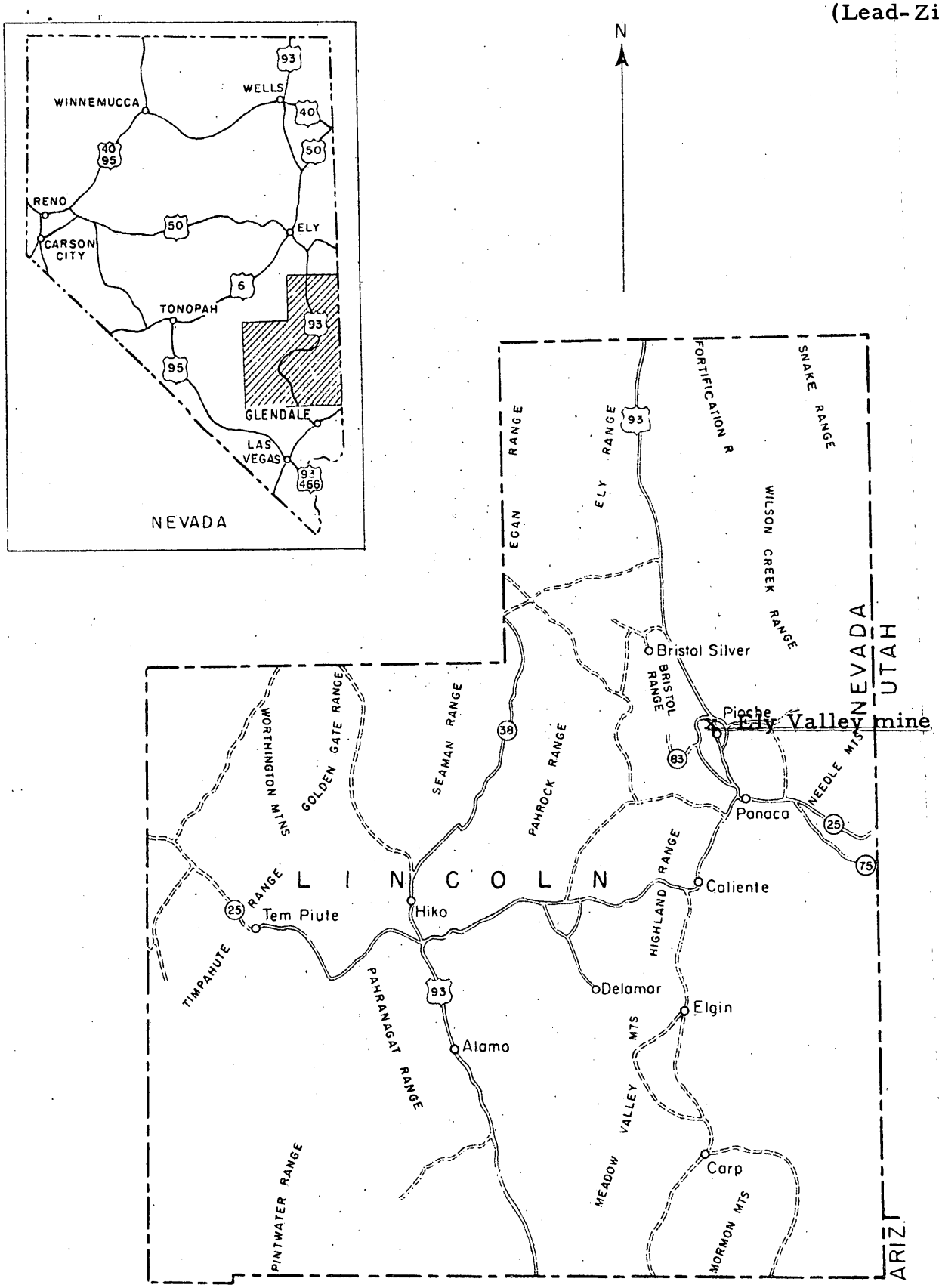

Figure I. INDEX MAP OF LINCOLN COUNTY, NEVADA

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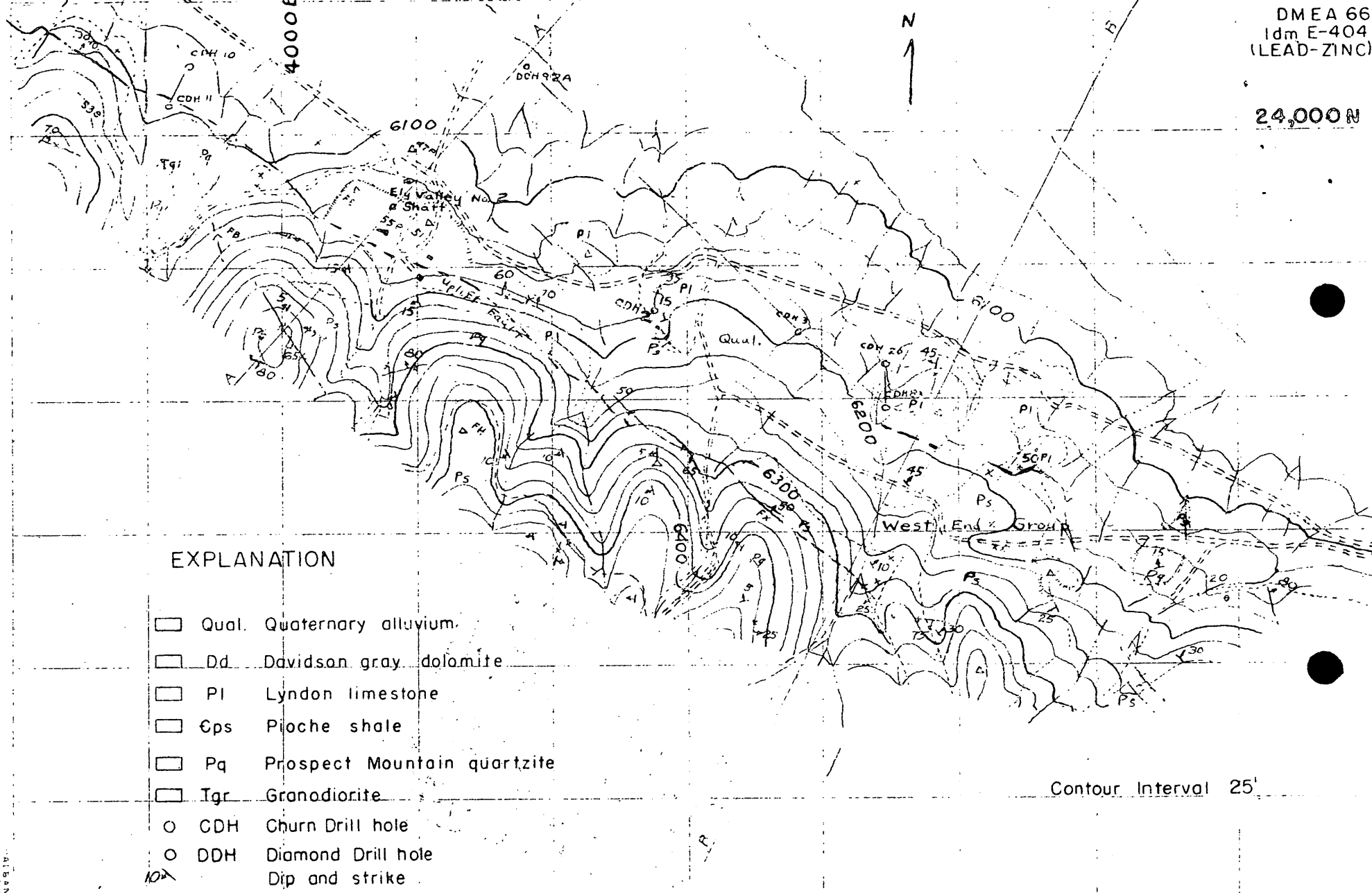

EXPLANATION

Qual.	Quaternary alluvium	
Dd	Davidson gray dolomite	
Pl	Lyndon limestone	
Ꞓps	Pioche shale	
Pq	Prospect Mountain quartzite	
Tgr	Granodiorite	
O CDH	Churn Drill hole	
O DDH	Diamond Drill hole	
10	Dip and strike	
X	Prospects	

Note: Line connecting churn drill holes are lines of sections

Figure 2

Geologic Map of the Ely Valley Mine Area

Scale 1=10,000

Geology by C. F. Park, Jr.
U. S. Geological Survey

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MAP

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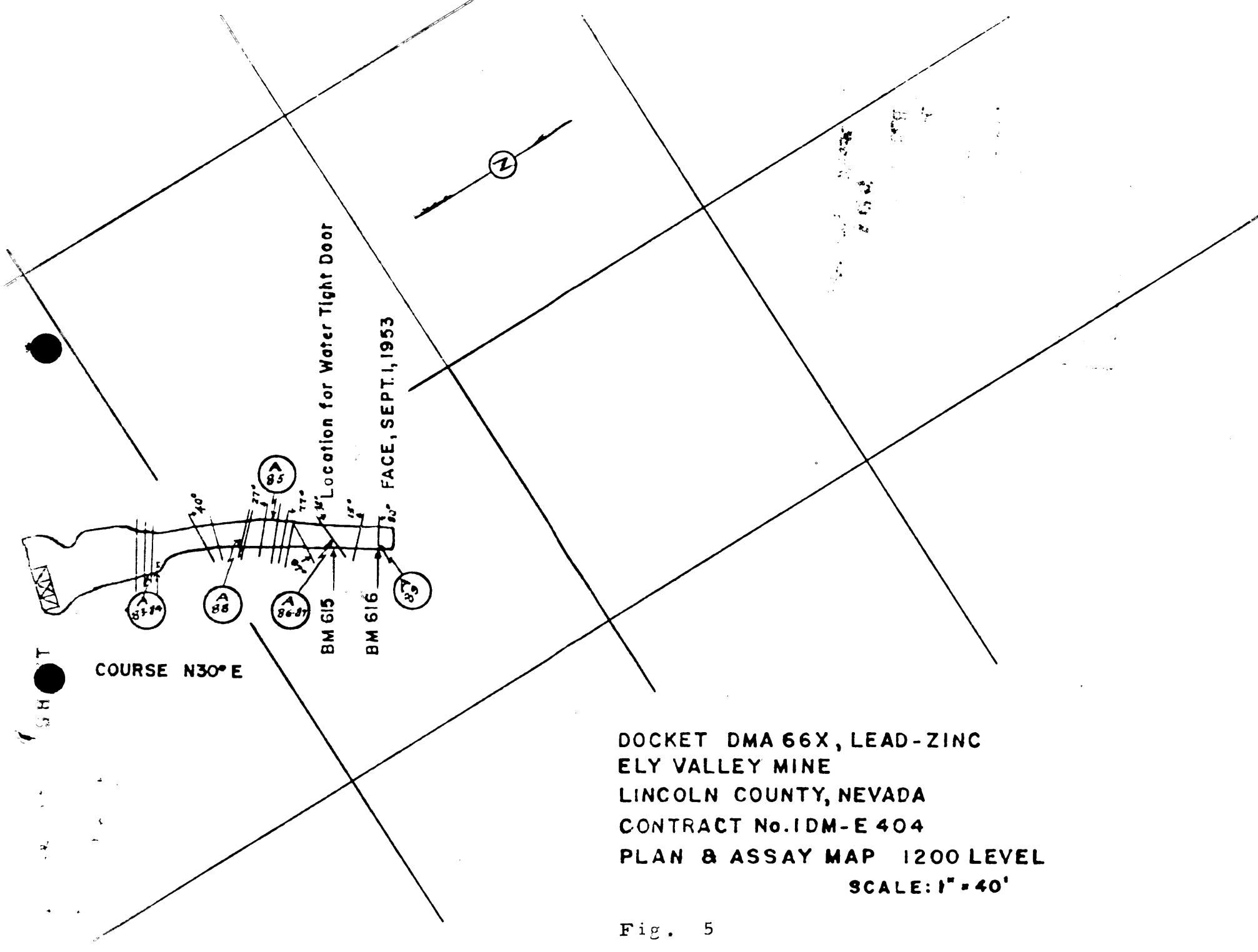
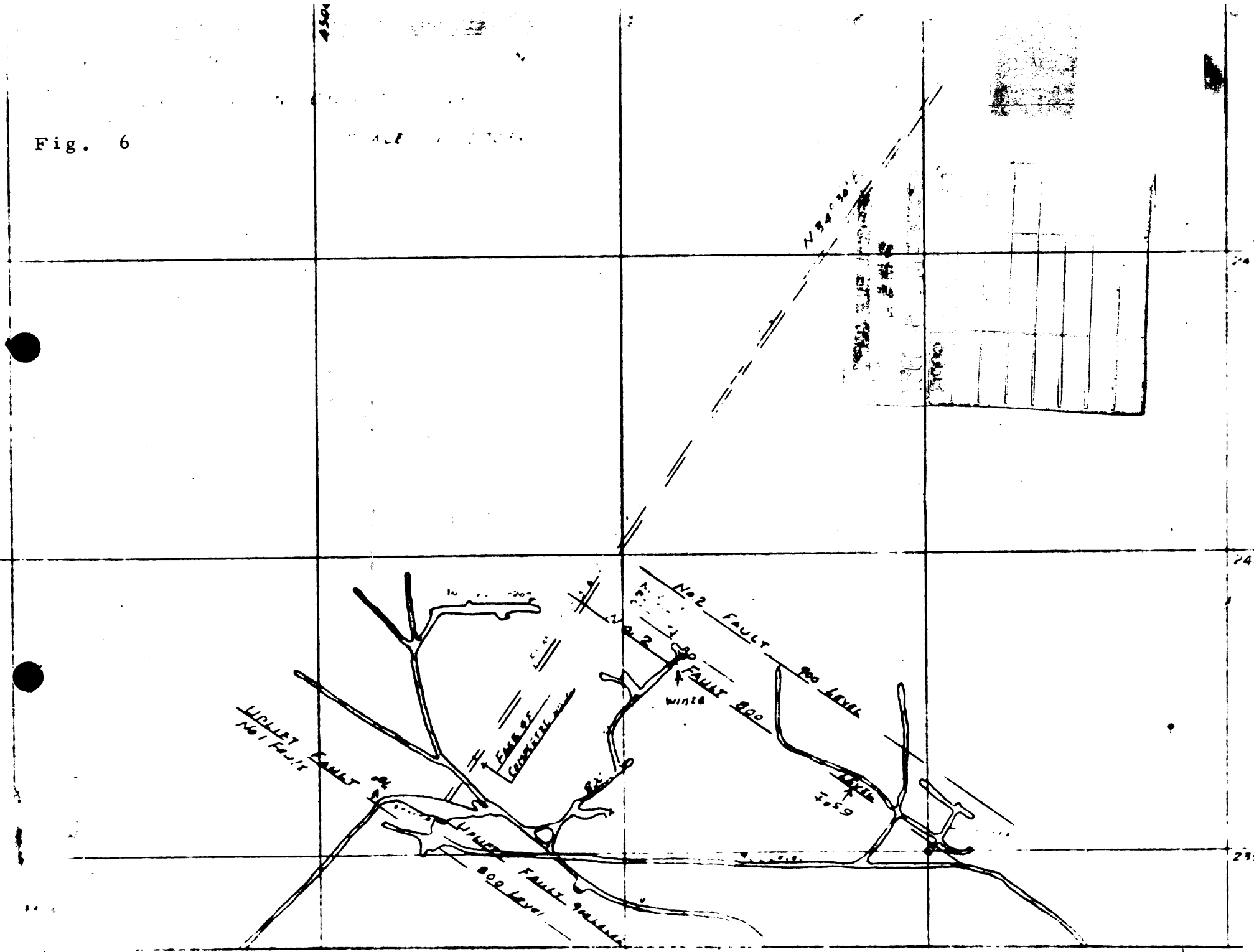


DOCKET DMA 66X, LEAD-ZINC
ELY VALLEY MINE
LINCOLN COUNTY, NEVADA
CONTRACT No. 1DM-E 404
PLAN & ASSAY MAP 1200 LEVEL
SCALE: 1" = 40'

Fig. 5

Fig. 6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UPHILL FAULT
No 1 FAULT
UPHILL FAULT
800 level
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(12-56)

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10/22	[illegible]	130
"	[illegible]	110
"	[illegible]	100
10/23	[illegible]	200
		225

500

OCT 23 1957

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Ricker:

With reference to the cited terminated contract, will you please advise us to when we may expect to receive the final Field Team report. Also, to date we have not received the Operator's final report.

As work on this project was terminated by Amendment No. 5 on September 1, 1953, we are anxious to close our files for this contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

JWAlt/er 10/22/57
Copy to: Docket
Admr R File
Op. Committee
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Base Metals
Chron.

APPROVED:

Frank D. Lamb (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

8623

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1605 Evans Avenue
Reno, Nevada

April 4, 1957

Mr. John Janney
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Dear Mr. Janney:

I do not understand your letter of March 12, 1957. In our letter of January 2nd, as well as others, we have repeatedly explained the procedure required if you wished the Government to consider the reopening of referenced contract.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:ft
cc: Opr. Com., DMEA, Wash., D.C.
Finance Office, Region II
GeoMavor
RMSmith
File
Chron

DMEA Form 7
(12-56)

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Date	Surname	Code
3/14	[illegible]	500
3/14	Fairwell	500
3/15	Selfridge	120
"	Johnson	110
"	Rutherdy	100
3/18	C	225

Bishop

MAR 18 1957

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Ricker:

This is with reference to your memorandum dated March 1, 1957. As your letter to Mr. John Janney, dated March 1, is a reply to his letter to you, dated February 20, it is our opinion that there should not be any further correspondence with Mr. Janney until he should write to you.

If Mr. Janney does write to you, and then you desire to have us prepare a letter to him, we would be glad to do so.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (2/B)

JWAlt/er 3/14/57
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

O. M. Bishop (2/B)
Member, Bureau of Mines

Thor H. Kiilsgaard (2/B)
Member, Geological Survey

8623

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UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
1605 Evans Avenue
Reno, Nevada

March 1, 1957

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMEA-66X (Lead)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Enclosed are two copies of a letter from John Janney relative to subject docket and two copies of my reply. Thought perhaps it may be advisable to have our legal department prepare a letter to Mr. Janney which may aid in terminating our annoyance with this Operator.

S. Ricker

Encls.

OFFICIAL FILE COPY
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RECEIVED MAR 5 1957

DATE	INITIALS	CODE

February 20, 1957

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
Department of the Interior
Reno, Nevada

Re: Docket DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. IDm-E404

Dear Mr. Ricker: -

We have been expecting a call from your engineer, Mr. Gentry, but he has not shown up.

You are already advised that we have been willing and able to comply with our D.M.A. contract no. 66X. We have also tried to point out that there is no basis for your cancelling this contract.

You have stated two grounds for cancellation. In both we have entered a denial. We have assumed that we have the right to question your cancelling this contract, on which we have already spent over $80,000. and where your reasons, as formerly pointed out, are not well foundéd in any fair view of the intent of Congress to assist mining.

1st. You say no work at all was done under the contract in the period since the extension date, whereas we did perform work under section 3 of contract and sent you statements of it, to the extent of over $30,000. in that period. You have raised the technicality that these are not expenditures under the contract. In reply we have quoted from article 3 the contract to show you that this equipment was provided and installed to comply with article 3 thereof.

This work was in preparing for extra equipment, putting in a 10" water column in the shaft, preparing to install additional pumps and providing expensive electrical equipment to meet increased power requirement needs.

2nd. You say we did not start work by July 1st, whereas in point of fact, we started the work on June 30th, and you were so notified at the time.

Your field engineer was in the mine on July 7th. We had started the work June 30th, which was then going on with as great activity as could possibly be employed. The work of dewatering the 1200' level station was progressing with continuous pumping three shifts, and while this work was going on a crew of men were installing two high pressure 1000 GPM pump on the 900' level station, on foundations previously prepared and special hoisting equipment had just been put in place on the 800' level to install a 3rd, 1400 GPM pump, for pumping from the 1200' level to the 900' level. All of this was in addition to the pumps which had been in use and were then being used to handle the present water flow.

This program you saw in operation and offered no objection to it.

Your position in effect is, that we should have started the work before July 1st so as to have the 1200' station dewatered by July 1st.

If this was what you intended, we think in fairness, your field engineer should have so informed us. On previous inspection visits he saw that we were holding the water at the 900' station level so as to avoid a useless cost of several hundred dollars per month, in power and labor charges, and to save useless wear on the pumps. The plain economy of the work indicated this course and we considered that you had approved it by your acquiescence. If you did not approve we feel you should have advised us.

We contend that your two positions are both highly technical and not in line with the intent of the act of Congress, which is to aid mining companies in their effort to open up new ore reserves.

This you do not do by interpolating into the contract a rigorous time limit on what they have to do.

Therefore, we respectfully ask that you re-survey your position and be so gracious as to concede that we have complied with the reasonable provision to start work July 1st. Also, that we have expended large sums of money in the period in which you say we did nothing, where we were acting in good faith in compliance with article 3 of the contract.

You have made no reply to our position of these points, as set out in our previous correspondence - This in spite of the fact that after you cancelled the contract we continued to work through July and August, carrying through with the reinforced steel concrete water door installation.

You ask as to our financial ability: - We requested additional time because a fictitious damage suit prevented the sale of our treasury stock, and therefore we needed time to realize on the sale of $75,000. of surplus equipment we were offering to other mining companies. You extended the time, but the amount of time we asked for was not fully accorded.

To tide over this time interval, as I told you when I was in your office in September, I personally on July 1st, provided as a stockholder, from the sale of a city lot to the state of Idaho, the sum of $10,000. in cash, having previously sold a ranch for $25,500. to carry through 1955-1956. Also, I showed you the record of the deposit of an additional $17,078.16 later on. This $27,078.16 was available as I told you, for July, August, September expenses. In fact, this sum would more than cover the remaining 1500 ft. of the contract for the 1200' level drift, if computed at your estimated cost of $17.50 per foot, for our one half of the expenses.

In addition we have since received a payment on the sale of surplus machinery and supplies which already had been delivered and there are $20,000. of additional payments that we are assured will be made in the next 60 days.

In order to repay me the cash, personally advanced, we had been negotiating, and lately have received a definite offer of $50,000. on a special deal to cover this D.M.A. contract. This deal was of course made impossible to complete when you cancelled the contract, since the deal was based on the representation and belief that we had a binding contract.

Now we ask you this question, what are the requirements in our contract which you contend we have breached and which represent a default in our carrying out our share of the work? Will you please give a specific answer to this which we can submit to our Board of Directors.

There is nothing in our contract that calls for providing specific sums of money in advance of our needs. The contract provides: - "The work shall be performed by the operator - - - efficiently - - - with suitable and adequate equipment, material and labor to bring the project to completion within the time fixed."

This is what the contract provides and in our view we have certainly met these requirements up to now.

Respectfully submitted

ELY VALLEY MINES, INC.

BY: John Janney

John Janney, President

JJ:ajh

OFFICIAL FILE COPY
DMEA
RECEIVED MAR 5 1957

DATE	INITIALS	CODE

1605 Evans Avenue
Reno, Nevada

March 1, 1957

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Dear Mr. Janney:

Your letter of February 20, 1957 has been referred to our Washington office for their records.

Personally, I believe if you would refer to my letter of January 2, 1957, your problem is a simple one. In the meantime, in view of the fact that referenced contract has been terminated, I can see no reason why you should expect a call from our engineer, Mr. Gentry.

Very truly yours,

S. RICKER

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:ft
cc: Opr. Com., DMEA, Wash. D.C.
Finance Office, Region II
GeoMavor
RMSmith
File

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

OFFICIAL FILE COPY
DMEA
RECEIVED FEB 4 1957

DATE	INITIALS	CODE
2-4	C	220
2/4	[illegible]	800
2/5	[illegible]	225

RECEIVED 3 4 1957 D.M.E.A.

1605 Evans Avenue
Reno, Nevada

January 31, 1957

Mr. John Janney
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMR-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada

Dear Mr. Janney:

Reference is made to your letter of January 14, 1957, in which you did not state your position relative to conditions under which the Government would consider reopening of referenced contract. These conditions were set forth in our letter of January 2, 1957. Unless we hear from you definitely, we shall consider the matter concluded.

You were never advised by us that our Washington office was definitely committed to the reinstatement of the contract. You have been advised repeatedly that they would be willing under certain conditions to give a reopening favorable consideration.

Very truly yours,

S. RICKER

S. Ricker
Executive Officer,
DMEA Field Team, Region II

SRicker:ft
cc: Opr. Com., DMEA, Interior Bldg., Wash., D.C.
Finance Office, Region II
GeoMavor
RMSmith
File
Attach.

HOTEL SIR FRANCIS DRAKE

POWELL AT SUTTER

SAN FRANCISCO

OFFICIAL FILE COPY
DMEA
RECEIVED 4 1957

DATE	INITIALS	CODE

Mr. [illegible]
Executive Officer
DMEA Field Team, Region II
Department of the Interior
[illegible] Evans Avenue
Reno, Nevada

Dear Mr. Rieker:

Re: Docket No. DMA-[illegible] (Lead-zinc)
Ely Valley Mines, Inc.

Your letter of [illegible] forwarded from Fiochi is dated [illegible].

[illegible] interview in your office in Carterville [illegible]

[illegible]

[illegible] money people here who are filling orders for millions [illegible]

Ely Valley Mines, Inc.

President

OFFICIAL FILE COPY
DMEA
RECEIVED JAN 4 1957

DATE	INITIALS	CODE
1/8/57		800
		225

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

1605 Evans Avenue
Reno, Nevada

January 2, 1957

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm -E404

Dear Mr. Janney:

Reference is made to your letter of October 15, 1956 requesting renewal of your contract and an increase in unit costs.

We have been advised by our Washington office that we do not have legal authority to increase unit costs once they have been agreed upon in a short form contract.

If you should desire to have the contract reinstated, allowing no increase in costs, we will gladly give your request further consideration. You should also state in your request that you are financially able to complete the work as specified in the contract.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

WASHINGTON, D. C.

JAN 4 9 45 AM '57

File Copy
Surname
J.H.
Firwood
Champlin
Selfridge
Bjornson

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

500

DEC - 3 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMX-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-1404

Dear Mr. Ricker:

This is with reference to the memorandum from Roscoe M. Smith, Acting Executive Officer, dated November 15, 1956, regarding the cited terminated contract.

We note the recommendation that the contract be reinstated and amended, or rewritten, on a unit cost basis, allowing $46.00 per foot for crosscutting and $7.50 per foot for diamond drilling. We do not have any legal authority to increase fixed unit costs once they have been agreed upon. Under the terms of the short form contract, the Operator is obligated to complete the work. The Government has been lenient with the Operator in allowing him time extensions to complete the work even though it was no fault of the Government's that the work could not have been completed during the time allowed.

If the Operator should desire to have the contract reinstated, allowing no increase in costs, we would gladly give his request our consideration. Also, the Operator should state that he is financially able to complete the work as specified in the contract.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee

APPROVED
/s/ James Paone
Member, Bureau of Mines

Thor H. Kiilsgaard
Member, Geological Survey

JWA lt/er 12/3/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.G.J.

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

RECEIVED NOV 19 1956 D.M.E.A.

1605 Evans Avenue
Reno, Nevada

November 15, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Acting Executive Officer, DMEA Field Team
Region II

Subject: Docket No. DMEA-66X
Ely Valley Mines, Inc.
Ely Valley Claims
Pioche, Lincoln County, Nevada
Contract Idm-E 404

Enclosed are two copies each of a letter from the Operator, Mr. Janney, dated October 15, 1956, and a letter from his mine superintendant, Mr. Condie, dated October 15, 1956. Also enclosed are four copies of a memorandum dated November 8, 1956, by Glenn G. Gentry containing recommendations.

Mr. Janney requests a renewal of his DMEA contract and an increase in allowable costs. Mr. Condie supports the request with a detailed cost estimate of $51.91 per foot for crosscutting. Mr. Gentry accepts the Operator's estimate except for four items which he has scaled down to the average DMEA contract costs in this district. He recommends that the contract be amended to include an increase in the unit cost of crosscutting to $46.00 per foot, after the Operator gives written assurance that the work will be completed.

Mr. Ricker and I agree that an increase in allowable costs is warranted by the general national inflationary increase since the original estimate was made in 1952. We recommend that

the contract be reinstated and amended, or rewritten, on a unit cost basis allowing $46.00 per foot for crosscutting and $7.50 per foot for diamond drilling. The water door was installed after the contract was terminated. This work demonstrates good faith on the part of the Operator, is a part of the original project, and may be an allowable cost on a quantum merit basis. We recommend that not less than the original allowable cost of $3000.00 be approved and that the revised contract be more stringent on the requirement to complete the work.

Roscoe M Smith

Roscoe M. Smith

Encls.

October 30, 1956

RECEIVED
NOV 19 1956
D.M.E.A.

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (lead - zinc)
Ely Valley Mines, Inc.
Contract No. Idm-E404

Dear Sir:

Mr. Gentry, your Field Representative, called at the mine Friday, Oct. 26, and, in view of the fact that Mr. Janney, our General Manager, was out of town, he explained to me that it would be necessary for us to present an itemized statement showing expected costs in driving our exploration drift. This is necessary to substantiate our plea that an additional 38% be allowed us over and above the original contract price of $35.00 per foot.

The following estimate is based on these expectations:

1. 1,200 feet of drift
   A. 400 feet in formations requiring no timber
   B. 800 feet in formations requiring timber
      Timber to be 8 x 8 sets with 3 x 12 lagging on 5'-4" centers.

2. Drift to be driven on two-shift basis, 6 days per week.

3. Drift to be contracted
   A. Base rate of contract in untimbered ground, $9.00 per foot
   B. " " " " " timbered ground, $11.00 " "

   Note: It has been determined that the contract rate for drifting in the area is from $9.00 to $12.00 for untimbered ground with the Company furnishing tools and supplies.)

4. Expected advance per day, 10.0' Ave. in untimbered ground
   8.0' " " timbered ground.

5. Expected flow of water, 1,000 G.P.M.

6. Total number of employees including supervision and accounting 13.

PERSONNEL

1.	Book keeping and Office, 2	$900.00 per Mth.
2.	Supt. - Engr. 1	
	$580 per mth base, with payroll tax	598.55 " "
3.	General Mechanic, 1	
	$16.96 base, with payroll tax and spiral time	19.09 per day
4.	Miners, 4 $16.38 base	
	with contract pay, payroll tax and spiral time	104.54 " "
5.	Hoistman, dayshift, 1 $16.38 base	
	with payroll tax and spiral time	19.31 " "
	Hoistman, night shift, 1 $16.94 base	
	with payroll tax and spiral time	19.97 " "
6.	Skip tender-top man, day shift, 1, base $16.09	
	with payroll tax and spiral time	18.99 " "
	Skip tender- top man, night shift, 1, $16.65 base	
	W/ payroll tax and spiral time	19.63 " "
7.	Watchman, graveyard (7 days per week) $8.00 base	
	W/ payroll tax & spiral time, 1 required	9.95 " "

The above calculations are based on the following:

1/ 6 day work week, time and one-half for over 40 hours with spiral time pro-rated per day.

2/ 4.333 weeks per month will be used in break-down of monthly figures.

3/ Payroll Tax:

Social Security	2.00 percent
Industrial Insurance	4.78 "
Nevada Unemployment	0.10 "
Hospital	1.947 "
Total	8.827 percent

MATERIALS AND SUPPLIES

1.	Electric Power		
	Est. continuous load 300 KW Hrs @ .006		$43.20 per day
2.	Powder, Caps, Fuse, lead Wire, plugs		
	Powder $26.22 per cwt		
	Caps 35.00 per hundred (electric)		
	plugs (for wet holes) 25.00 per hundred		
	Lead wire, $1.50 per 100 feet.		
	(Assuming 20-hole round)		36.38 per day
3.	Mine Track for 20'		
	30# mine Rail, for 40' @ $14.00 cwt	$46.67	
	Splice bars per pair	1.20	
	4 - 2# x 5/8" bolts @ 4¢	.16	
	10 - 4X6 by 38" ties @ 10¢ Bd. Ft.	3.20	
	40 - 3# x 3" Track Spikes @ 5¢	2.00	
		$ 53.23	2.66 per Ft.
4.	Track Turnouts		
	2 required for 1,200' drift @ 102.56		.17 per Ft.
5.	Timber, Nails, Wedges		
	Cost per set, complete, 5'4" centers	$38.17	
	Cost per foot for 800' of estimated ground requiring timber	7.16	
	Average cost per foot for entire 1,200'		4.77

6. Drill Steel And Bits
   Alloy Drill Rod 7½' in length $10.85
   Insert 4-point Bit, each 12.65
   Assuming average of 4-1/3' per round for entire 1,200', and 2 rounds per bit and 3 rounds per steel
   Cost per foot 2.30
7. Air And Water Line
   3" compressed air pipe 60¢
   1½" Water Line 25¢
   Total cost per foot .85
8. Ventilation Line
   12" galvanized vent pipe, per Ft. 1.20
9. Air and Water Hose and Repairs per Ft.
   of advance, estimated .10
10. General Repair Parts
   for all surface and underground equipment
   estimated cost per foot of advance 1.00
11. Miners Battery Hat Lamps
   New lamps required
   Rental $1.00 per month per lamp
   Approx. 30 required $30.00
   Maintenance 7.50 37.50 per month
12. Pumping Costs
   Estimated Cost 100.00 " "
13. Compressed Air
   Maintenance, estimated 100.00 " "
14. Office Expense
   Estimated 300.00 per month
15. Gasoline and Oil, lubricants
   for transportationand trucking 60.00 " "
16. Miscelaneous Expnses
   Small tools, first aid, etc. 60.00 per month
17. Equipment Rental
   500.00 per month
18. Change room
   Operation and upkeep, fuel 45.00 per month
19 Electrical Supplies
   for lights, telephone, bell signals 50.00 per month

COSTS (Breakdown on per foot basis)

1.	Drilling and Blasting	$12.21
2.	Mucking and Tramming	5.68
3.	Timbering	7.68
4.	Hoisting	6.81
5.	Ventillation	1.44
6.	Pumping and Drainage	3.20
7.	Compressed Air	1.69
8.	Electrical Costs	1.04

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9.	Waste Disposal	1.62
10.	Supervision	2.73
11.	Office Expense	5.31
12.	Change Room	.57
13.	Transportation	.76
14.	Track	2.71
15.	Air and Water Lines	.90
16.	Repairs, General	3.64
17.	Miscelaneous	.29

Total Cost per foot, average, for driving 1,200 feet of drift $58.26

It is not known at what stage in the drifting program that core drilling can be started. Based upon a supposition that drilling can be carried on simultaneously with drifting during the last half of the tunneling the following deductions in the above costs should be deducted from the drifting and charged to diamond drilling:

Category	Job		Deduction
4	Hoisting	50% for last half or 25% of total	$1.70
5	Ventillation	25% of last half or 12.5% of total	.18
6.	Pumping	50% of last half or 25% of total	.80
7.	Compressed Air	25% of total	.42
10.	Supervision	25% of total	.74
11.	Office Expense	25% of total	1.33
12.	Changeroom	25% of total	.28
13.	Transportation	25% of total	.38
15.	Air and Water Line	50% of total	.45
17	Miscelaneous	25% of total	.07
	Total amount of deductions		$ 6.35

Total estimated cost for driving drift	$58.26	per foot
Less deductions chargeable to drilling	6.35	
	51.91	
Adjusted estimate of cost for driving drift		$52.91

I regret very much that I do not have available the costs based on 1951 prices that were used in calculating and arriving at the $35.00 figure that was used in the contract. Mr. Janney is still away from Pioche. If these figures are available they are in his own personal files.

There are a good many factors which will greatly effect the costs of driving the drift. We may be very fortunate and develop but little more than the 160 gallons per minute of water that we are getting at the present time. We might find that much better footage can be obtained than indicated in this report. Previous experience at the Ely Valley in similar formations indicate otherwise.

It is my plan to pare the man-power to a minimum as you will note from this report. I feel that we will make out very well. The hoistman will operate the compressor. The skip tenders will watch the pumps and with the mechanic will take care of repairs and the truck of waste on the surface.

We feel that the $7.50 per foot for diamond drilling should be adequate. Although labor has advanced in the past four years the price of industrial diamonds has remained about the same.

I sincerely hope that this report meets with your approval, and that it will give you what information you require.

Very truly yours,

ELY VALLEY MINES, Inc.

Bruce Condie

Bruce Condie, Superintendent

C.C.: Mr. John Janney

October 15, 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
Department of the Interior
Reno, Nevada

Re: Docket DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-2404

Dear Mr. Ricker: -

Supplementing our letters of August 20th and September 8th and in line with your suggestion, in our conversation of September 27th in your office, we respectfully request a renewal of our contract and that the rates of payment for the work will be adjusted so as to allow for a 38% increase in costs of labor and supplies as against these same costs as of the date of our calculations in the original application.

From an actual computation at present prices of cement, steel and labor, we find that the cost of the water door, installed, stands at $5,770.91 as against the earlier estimate as set out in our contract at $3,000.00., while the cost of mine work has been increased nearly in the same proportion.

In accord with our discussion of this subject we therefore resepctfully request an adjustment in the new contract so that the estimated cost of the drifting and other work will be on a parity with present day costs, and to accomplish this we suggest using the former figures, increased to meet increased cost, by adding 38% or such other percentage as meets with your approval and computations.

We have been expecting any day a visit from Mr. Gentry, to go over these cost adjustments, or we would sooner have complied with your suggestion of

September 27th. Subject to your approval we are ready to go ahead with the work.

We also respectfully request an extension of the date of completion to December 31, 1957.

Respectfully submitted

Ely Valley Mines, Inc.

by: John Dancey
President

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

RECEIVED NOV 19 1956 D.M.E.A.

1605 Evans Avenue
Reno, Nevada

November 15, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E 404

Dear Mr. Janney:

Your letter of October 15, 1956, requesting renewal of your contract with an increase in allowable costs, and also Mr. Condie's letter of October 30, 1956, containing supporting cost data, have been received.

Contractual changes, involving reinstatement, unit costs, and extensions of time beyond two years from the date of the first contract, are not within the delegated authority of the field offices. Accordingly, your letters have been forwarded to our Washington office.

Sincerely yours,

Roscoe M. Smith
Acting Executive Officer
DMEA Field Team, Region II

RMS:ft
cc: Opr. Com., DMEA, Interior Bldg., Wash., D. C.
Finance Office, Reg. II
Geo. Mavor
File
RMSmith

(COPY)

1605 Evans Avenue
Reno, Nevada

November 15, 1956

RECEIVED
NOV 19 1956
D.M.E.A.

Memorandum

To: DMEA Field Team, Region II

From: Glenn G. Gentry

Subject: Docket No. DMEA-66X
Ely Valley Mines, Inc.
Ely Valley Claims
Pioche, Lincoln County, Nevada
Contract Idm-E 404

By letter dated October 15, 1956, the Ely Valley Mines, Inc., have requested renewal of the terminated exploration contract, an increase of allowable cost of 38 percent for remainder of the crosscutting, an increase of $2770.91 for the installation of the water-tight bulkhead, and an extension of time to December 31, 1957 to complete the project.

In order to substantiate the 38 percent increase in costs, the Company, on October 15, 1956, has submitted a detailed breakdown amounting to $51.91 per foot. I believe that a cost of $46.00 per foot for crosscutting is reasonable when working conditions, water problem, and increased costs of labor and supplies are all considered.

A comparison with previous cost estimates covering similar operations in the Pioche area follows:

		Cost ft.
Raymond-Combined Mines Co.	Contr. Idm-E 409	$46.00
Combined Metals Reduction Co.	DMEA-4096	
Pan American Mine Application	DMEA-4096	46.41

On October 27, 1956, I inspected the water-tight bulkhead (safety water door) installation in the 1200 level east drift. This bulkhead has been installed at 92 feet east of the shaft and according to general specifications previously followed in this district.

By November 15, 1956, the concrete in the rock cut surrounding the water door frame will have its maximum strength, the heavy steel door will have been placed in position, and all will then be ready for an inspection by the Nevada State Mine Inspector. After this inspection, the Company expects to be ready to begin work on the remaining 1434.1 feet of the exploration crosscut.

In his letter dated September 8, 1956, Mr. Janney states: "Subject to your approval, we are ready to go ahead with the work."

During the period of the prior contract, from September 23, 1952 to July 1, 1956, five amendments were granted. Four of these amendments, Nos. 2, 3, 4, and 5, extended the time for completion. It, therefore, seems justifiable to request some definite assurance from Mr. Janney that he will complete the exploration within the period to December 31, 1957. Upon receipt of such written assurance, it is recommended that consideration be given for the reinstatement of the contract upon the original conditions and upon the revised costs as heretofore stated, on a unit basis and including all costs of whatsoever nature. It is also recommended that the time for repayment of the loan be extended.

Total costs approved in the original contract:

Item	Cost	Status
Clean out 50 ft. of shaft	$ 1,500.00	Completed
Deepen shaft 20 feet	2,000.00	"
Construct ore pocket	1,200.00	"
Water tight bulkhead	3,000.00	Not completed
Crosscut 1600 ft. at $35.00/ft	56,000.00	1434.1 ft. not completed
Diamond drilling 3000 ft. at $7.50/ft.	22,500.00	No drilling done
	$86,200.00	
Government participation at 50%=	43,100.00	

(COPY)

Estimated Costs for Proposed Revised Contract:

Item	Total Cost
Clean out 50 ft. of shaft	$ 1,500.00
Deepen shaft 20 ft.	2,000.00
Construct ore pocket	1,200.00
Water tight bulkhead	5,770.91 (subject to audit)
Crosscutting 1434.1 ft. at $46.00/ft.	65,968.60
Diamond drilling 3000 ft. at $7.50/ft.	22,500.00
	$98,939.51

Government participation at 50%: $49,469.75
Increased Gov't. participation: $6,369.75
Unexpended during prior contract: $76,090.50

Comparative Costs - Similar Conditions in the Pioche, Nevada area:

Ely Valley Mines Company request of October 30, 1956	Cost A	Pan American Mine Application February, 1956	Cost/ft.
Drilling & Blasting	$12.21		$12.16
Mucking & Tramming	5.68		8.14
Timbering	7.66		7.36
Hoisting	6.81		4.52
Ventilation	1.44		2.32
Pumping & Drainage	3.20		2.91
Compressed Air	1.69		2.16
Electrical Costs	1.04		0.87
Waste Disposal	1.62		0.91
Supervision and Engineering	2.73		1.42
Office Expense	5.31		-
Change Room	0.57		-
Transportation	0.76		-
Track	2.71		4.30
Air & Water Lines	0.90		2.56
Repairs - General	3.64		-
Misc.	0.29		2.30 (includes office, engineering, whse., etc)
	$58.26		$51.93 (includes timber).
Less pro rata costs	6.35		
Average	$51.91		46.41 (25% timbered)
Less excess charges:			
Timber 0.66			
Office 3.50			
Repairs 1.64			
Misc. 0.19			
5.99	5.99		
	$45.92		$46.41
Estimated cost rounded to	$46.00		

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

RECEIVED
SEP 17 1956

1605 Evans Avenue
Reno, Nevada

September 14, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of a letter from John Janney dated September 8, 1956. We neglected to attach these to your carbon copies of our letter to John Janney dated September 13, 1956.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

SEP 17 9 01 AM '56

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

RECEIVED
SEP 18 1956

1605 Evans Avenue
Reno, Nevada

September 13, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche
Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Reference is made to your letter of September 8, 1956 relative to status of referenced contract.

As far as the Government is concerned, the contract is terminated. You have been repeatedly informed that if within a reasonable time you are financially prepared to efficiently complete the work as it was set forth in the terminated contract that the Government would be pleased to favorably consider reopening it.

Is the Government to assume that your letter of September 8, 1956 is a formal request from you that the contract be reopened and that it be taken as assurance that you are now financially prepared to efficiently fulfill your part of the obligation as set forth under the contract.

If you will make a formal request that you wish the Government to consider reopening the contract and will give the proper assurances relative to finances, I will be pleased to forward your request to our Washington office for their consideration.

Very truly yours,

S. Ricker, Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D. C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

WASHINGTON, D. C.
SEP 17 2 56 PM '56

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

September 5, 1956

RECEIVED
SEP 17 1956

[illegible] Keep

[illegible] II
[illegible] the Interior
[illegible]

Re: Docket DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-[illegible]

[illegible]

[illegible] for an answer to our last letter, I will keep you [illegible] work under our contract.

[illegible] July the pump warning shifts [illegible] shaft [illegible] would have been no way [illegible] in less time than was [illegible]

[illegible] th of August the station was put in order [illegible] the water [illegible] the steel door into the concrete. These bolts [illegible] In this work of cleaning up the 1200' level station [illegible] amount of mud had settled in the shaft station and in the shaft [illegible] station bottom and had to be removed, and which could not be [illegible] any of the pumps, either Sinker pumps, Sponge pumps or the Pa[illegible] The [illegible] problem was solved by cutting in the bottom of the skip and con[illegible] valve for bailing, which worked very well.

[illegible] work is not hampered by lack of available funds [illegible] the L.M.A. organization expressed in your recent letter. [illegible] very much hampered by their attitude as to permitting us to [illegible] in the contract.

[illegible] for September are in an est[illegible] payments [illegible] from Calaveras Central Mining Co. Although we have [illegible] that [illegible] and they forecast [illegible] payments [illegible] Other funds would be available [illegible] made in [illegible] except for [illegible] uncertainty of the [illegible]

Respectfully submitted

ELY VALLEY MINES, INC.

BY: _____
President

File Copy
Surname

J. ACO
Simmons
Selfridge
Hyman

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

500

AUG 30 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-X604

Dear Mr. Ricker:

This is with reference to your memorandum, dated August 17, 1956, regarding the cited contract.

It is our opinion that your letter of August 17 to Mr. Janney adequately answers his letter of August 14, and as far as we are concerned the contract is terminated.

We note you have already advised him that you would be willing to give favorable consideration to reopening the matter if within a reasonable time he is financially prepared to efficiently complete the work of the contract. We, therefore, cannot see where he has any logical reason for complaint.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JWB)

JWAlter 8/27/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

Frank D. Lamb (JWB)
Member, Bureau of Mines

W. P. Williams (JWB)
Member, Geological Survey

10 mEa

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

1605 Evans Avenue
Reno, Nevada

August 27, 1956

Memorandum

To: Operating Committee, DMEA, Interior Bldg.
Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Reg. II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mine, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Enclosed are two copies of a letter from Mr. Janney, dated August 20, 1956, and two copies of my reply.

S. Ricker

Encls.

RECEIVED
AUG 29 1956

BUREAU OF MINES
WASHINGTON, D. C.

AUG 29 8 27 AM '56

August 20, 1956

RECEIVED
AUG 20 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
Department of the Interior
Reno, Nevada

Re: Docket DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E4C4

Dear Mr. Ricker: -

I hope you do not object to our holding differences of view with reference to your letters of July 13th, and August 16th.

To date I have no reply to our letter of August 14th, but I have your letter of August 13th, which gives the reason why you are not forwarding us a copy of the contract. According to our copy of the contract the statement in your letter of July 13th, that nothing has been done under it since September, 1953 requires correction. $31,100 of expenditures, per our report of July 10th, was spent under requirements of article 3 on page 1 of said contract. This clause requires that, "the work shall be performed by the operator - - - with suitable and adequate equipment - - - to bring the project to completion within the time fixed".

The result of this expenditure to provide equipment required was examined by your representative. We assume it has been approved. It is first class engineering and construction work throughout and it properly should be included in your record of expenditures, by our company under the contract, and at our expense. You agreed with us that this additional pumping equipment was indicated by the increased flow of water encountered in running the 1200' level drift.

Therefore, your records should disclose the fact to be, not that we as you report, have been doing nothing during the vacation period but that as required in article 3, we have been doing this work. Our records show we have kept up an employment payroll expense of over $2,500 per month during all this time, in addition to equipment expense as reported.

Your statement that we did not start work before July 1st, is also in conflict with our reports of June 29, that we intended to start and of July 11th, that we had started work on June 30th. We proceeded with the work in entire good faith with as effective a force as could be used. This work was going on while your representative was here on July 17th.

In view of the foregoing, we ask instead of taking the position that you have cancelled our contract, that you recall your letter where you assume that position until we can be in accord as to what our contract requires. Certainly we should have reasonable opportunity to comply with any of your wishes that we think are not required in the agreement.

Otherwise we have this problem to be answered - Does the position you have taken require us to return the funds we have rasied on the agreement that such funds are to be used to perform work under this contract?

May we ask you to consider that the obvious intent in carrying out this contract is not a matter of splitting haris, as to the time within which this or that is to be done (and the question you raise means at most only a few days) but it is to provide a healthy mining and ore-reserve situation for our nation in event of war.

If this is not an important geological and mining exploration lets forget it. If it is that, and has been made a part of the national defense plan we can, with your cooperation, carry it out to completion within the time fixed. There is nothing in the contract which limits starting the work to any specific one of the necessary things to be done. Therefore if we started work on June 30th, with as great activity as could be employed, intending in good faith to complete it within the time fixed, we feel we have proceeded within the spirit as well as of the letter of the contract.

On the other hand if you stop this project after all the above preparatory work has been done, in addition to which over $250,000 of expenditures are made available here, to explore the extension of what is said to be the largest zinc-lead ore body that has yet been opened in the state of Nevada it would reasonably seem to be not a very good position.

The Ely Valley Mine started production in the war period at the urgent request of Mr. George Heikes, head of the zinc-lead division of the war production board, on the basis that the building of ships and planes were being held up due to the scarcity of zinc, and from this property was taken 4,000,000 lbs of zinc at the critical time of necessity for winning the war, in spite of the fact that we were asked to start before the property was in any way ready for production. Under this act Ely Valley is being aided to replace ore bodies mined out under non-profit conditions to help win the war while metal prices were being controlled - A - proper incentive to future co-operation with the same government.

You are no doubt advised that in construing any act of Congress such facts are properly to be taken into consideration by a bureau which has been charged with carrying out the act as congress intended it to be carried out.

Respectfully

ELY VALLEY MINES, INC.

By: John Quinney
President

Defense Minerals Exploration Administration
Interior Building
Washington 25, D. C.

1605 Evans Avenue
Reno, Nevada

Aug. 27, 1956

Ely Valley Mines, Inc.
Pioche
Nevada

Re: Docket DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Dear Mr. Janney:

Copies of your letter of August 20, 1956, relative to referenced contract, has been forwarded to our Washington office for their attention.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:ft
cc: Opr. Com., DMEA, Wash., D.C.
RMSmith
File

File Copy
Surname

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

AUG 22 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-8404

Dear Mr. Janney:

This is with reference to your letter to Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, dated August 9, 1956.

We regret to advise that we are unable to furnish you with a verified copy of the cited contract as we do not have an extra copy available. It is suggested that you have a photostatic copy made of your copy of the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

JWAlt/er 8/21/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region II (2)
Chron.

2 m Ea

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

1605 Evans Avenue
Reno, Nevada

Aug. 17, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66 X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Attached are two copies of a letter from the Operator dated August 14, 1956 and two copies of my reply.

I think it is about time that Mr. John Janney is informed in explicit terms just where he stands. May I have your suggestion if you wish us to take further action toward this end?

S. Ricker

Attach.

RECEIVED
AUG 2 3 1956

BUREAU OF MINES
WASHINGTON, D. C.

AUG 22 8 44 AM '56

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

1605 Evans Avenue
Reno, Nevada

Aug. 17, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada

Dear Mr. Janney:

Your letter of August 14, 1956 is being forwarded to our Washington office for their attention to the legal problem that may be involved relative to referenced contract.

In my opinion, however, the Government's position is quite clear and in accordance with Amendment No. 5 to the Contract. Furthermore, I believe the Government has been very lenient in permitting this contract to continue so long before termination. I also believe that the plan laid down by Congress and the DMEA was done so on the assumption that the Operator, before entering into a contract, would be financially able to finance his part of the project. Furthermore, we have given you our assurance that if, within a reasonable time, you are prepared financially to efficiently complete the work as set forth in the contract, we shall be pleased to favorably consider reopening it. I cannot, therefore, understand your statement that the Government has inflicted any handicap upon you.

Very truly yours,

RECEIVED
AUG 2 2 1956

S. Ricker
Executive Officer
DMEA Field Team, Region II

cc: Opr. Com., DMEA, Interior Bldg., Wash., D.C.

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

August 14, 1956

[illegible], Chandler Ricker
Executive Officer
DMA Field Team, Region II
Department of the Interior
[illegible], Nevada

Re: Docket DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E4O4

Dear Mr. Ricker:

Your letter purporting to cancel the Ely Valley DMA contract is extremely confusing and in important ways embarrassing to the work. It is evidently based on a misunderstanding.

By way of confirmation of our report that work was started June 30th, on this contract, we wish to point out that through your inspection of the mine you were advised of our water situation, which would determine the question of where and how the work would begin on July 1st, and we had the right to believe that you approved of it.

This position of the vacation period water level was not arrived at arbitrarily but there was a very definite reason for it.

The mine was kept unwatered to the 980' level, which is to say 20 ft. below the 960' station level and since you knew this and offered no objection to it, it was understood by us that the work would start July 1st, by dewatering the 12[illegible] level station. According to this understanding work was started prior to July 1st, with the same pumping equipment that we had always used for this purpose. The new pumping installation is looking into the future to provide for increased water flow.

This work was pushed as fast as it was possible to push it with the pumps being operated 24 hrs. per day. The 1200 level station was unwatered within the time formerly estimated for it, subject to two interruptions of power service from Boulder Dam. We were cleaning out the station level at the time of the arrival of your notice cancelling the contract on the ground that we had done no work on the contract since September 1, 1953. Whereas our reports show we have expended since that date in excess of $30,000 in necessary and proper expenses. Necessary because required for the efficient performance of the contract and necessary to its completion.

In our view, there is no provision in our contract which afford a [illegible] for you to cancel the contract. There is nothing inconsistant with the [illegible] that we have started work on July 1st, due to the dewatering of the station [illegible] the first step to proceeding with the contract, the unreasonable nature [illegible] entire work to be done under water and the reasonableness of our believing [illegible] you were advised of, and had approved of the water condition as applied [illegible] the vacation period seems to us to be quite apparent.

We have asked you for a copy of your copy of the contract and would [illegible] have you designate what part of the contract has been violated by the way [illegible] have proceeded with the work since July 1st.

Had the mine, during the vacation period, been kept dewatered to the [illegible] level, it would have entailed the useless expense of $350 a month in power [illegible], plus the pump operating costs, due to the handling of the increased [illegible] of water, which would have been occassioned by keeping the 1200 level [illegible] dewatered. We believe you will concede that your inspection of the mine revealed this information to you and that you offered no objection to it and therefore approved of it and therefore we had the right to believe that you [illegible] the starting of the work by July 1st contemplated that the work [illegible] start with dewatering the 1200 level station.

Respectfully

Ely Valley Mines

by: _____
President

[illegible]

We respectfully request that you recall your letter cancelling the [illegible] on this misunderstanding and if there is anything you would like to [illegible] the contract which is not clear, or if you wish to clear up any condition [illegible] that you have in mind and that are not clear to us we ask that you give us time [illegible] comply with requirements that you would wish to add or that are not clearly [illegible] forth in the agreement, before you arbitrarily cancelled the contract.

It would be difficult to see how a small mining company, in attempting [illegible] the plan laid down by Congress for the mining industry, could be required [illegible] work under a greater handicap than you have created by your letter of [illegible] month.

D M E A

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

RECEIVED
AUG 15 1956

1605 Evans Avenue
Reno, Nevada

Aug. 13, 1956

Memorandum

To: Operating Committee, DMEA, Interior Bldg., Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Reg. II

Subject: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Attached are two copies of a letter dated August 9, 1956 in which the operator requests a verified copy of subject contract. Our file copy is the only one available here and I thought you may wish to comply with Mr. Janney's request. Copies of my reply to Mr. Janney's letter are enclosed.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attach.

RECEIVED
AUG 15 1956

August 9, 1956

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (lead-zinc)
Ely Valley Mines, Inc.
Contract No. Idm-E4Q4

Dear Mr. Ricker: -

Before replying to your letter of August 6th, may I ask that you kindly send us, at our expense, a copy of our DMA contract.

There are two questions we would like to go into but first would like to have a verified copy of the contract.

Thanking you for your past consideration and with kind regards.

Very truly yours

Ely Valley Mines, Inc.

by John Janney
President

See for covering memo to be sent to Mr. Johnson when copied. Only I read

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

RECEIVED
AUG 15 1956

1605 Evans Avenue
Reno, Nevada

Aug. 13, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E 404

Dear Mr. Janney:

As I have no extra copies of referenced contract, your letter of August 9, 1956 has been forwarded to our Washington office for their attention.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

DMEA

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

RECEIVED
AUG - 8 1956

1605 Evans Avenue
Reno, Nevada

August 6, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of letter dated August 1, 1956 from Mr. John Janney, President, Ely Valley Mines, Inc., and two copies of my reply dated August 6, 1956.

S. Ricker

Attach.

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

RECEIVED
AUG - 8 1956

1605 Evans Avenue
Reno, Nevada

August 6, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Dear Mr. Janney:

I thank you for your letter of August 1, 1956 in which you explain the work you are now doing at the Ely Valley Mines.

I wish to call your attention to our letter of July 13, 1956 in which you were advised that the contract between the Ely Valley Mines Company and the Government was terminated as of September 1, 1953. The work done during July 1956, as stated in your letter, therefore, was not done under any contract with the Government.

We will however as stated in our letter be willing to consider reopening the terminated contract when you are prepared to efficiently complete the work under it.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Operating Committee, DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

August 1, 1956

RECEIVED
AUG - 3 1956

Mr. S. Ricker
Executive Officer
DMA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Contract No. Lzn-Eld.

Dear Mr. Ricker: -

Reporting on progress for the month of July under above contract:-

We started work on June 30th and have kept going at the rate of three shifts per day in dewatering the 1200' level station. The water is now below that station level, and along with other work we are cleaning out an accumulation of mud on the bottom of the drift and station.

As you know, through your field engineer, we have been keeping the mine dewatered down to below the 900' level. To have kept the 1200' level dry it would have cost power charges and maintenance and use of pumps, to the extent of 200 gallons per minute as against a cost of 20 gallons per minute in keeping the 900' dry. This would represent an expenditure of four to five hundred dollars per month during the vacation period with no compensating benefit.

For this reason in starting up at the end of the holiday period it was necessary to begin with this pumping work. Since June 30th it has progressed steadily, around the clock shifts, with full capacity of pumping equipment as formerly installed. Our understanding was that you knew and approved this course. The point was taken up with your field representative and no dissent was offered.

While there will be no need for additional pump capacity until additional flow of water is developed in running the drift, we have been working to install additional pumps, to anticipate future requirements, and as your field representative has no doubt reported, this work was going on during his recent visit to the mine. The cost of these pumps as installed will exceed $30,000.00 for which there will be no contribution from the D. M. A.

Our conclusion is that it is better to have this adequate pump capacity ready and waiting, when the heavy water is encountered, rather

than stop in the middle of the project and lay off the men while the added pump equipment is being provided.

While there does not appear to be any specific requirement in the contract for us to do this, it is none the less a sensible precautionary step, despite the fact that it takes a lot of time and money and does not show on your accounting records in Washington and therefore is not noted by your auditors. Incidentally this may account for their not knowing what work was done during the vacation period, and saying nothing was done. And this we would like to correct because during the vacation period we were doing preparation and maintenance work to the extent of $3,000 per month, most of which was on account of this DMA project.

We trust this report shows a satisfactory compliance with our contract and that it will meet the approval of your department.

Respectfully submitted

Ely Valley Mines, Inc.

by: John Arrey
General Manager

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

RECEIVED
JUL 16 1956

1605 Evans Avenue
Reno, Nevada

July 13, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.,
Ely Valley claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of letter dated July 11, 1956 from Mr. John Janney, also our letter of July 13, 1956 to Mr. Janney concerning termination of subject contract.

S. Ricker

Attach.

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

RECEIVED
JUL 1 3 1956

1605 Evans Avenue
Reno, Nevada

July 13, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

No work has been done under the terms of referenced contract since September 1, 1953. The Government feels that it cannot carry the project any longer on an inactive basis. The Government, therefore, under the terms of Amendment No. 5 Item 4(a) considers that this contract automatically terminated as of September 1, 1953 and under Item 4(c) of same amendment a pseuda-certification becomes effective July 1, 1956.

The termination is effective without prejudice to the property. If within a reasonable time you are prepared financially to efficiently complete the work as set forth in the contract, we will be pleased to favorably consider reopening this contract.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D.C.
Finance Off., Reg. II
Geo. Mavor
R. M. Smith
File

July 11, 1956

RECEIVED
JUL 1 1 1956

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region II

Re: Docket DMA-66X (lead-zinc)
Ely Valley Mines, Inc.
Contract No. Idm-E4.04

Dear Mr. Ricker:

As advised in our letter of June 28th, we started work on the above contract on June 30th and are progressing with the work.

As prepartory for a proper performance under this contract, we have done considerable work in the recess periods since we discontinued the work under the contract, that it would seem appropriate for us to make you a formal report on this for the purpose of consolidating the information and to have a proper showing on the records of your department.

I am enclosing three copies of this report.

Respectfully

ELY VALLEY MINES, INC.

BY: _____
President

Pioche, Nevada

July 10, 1956

RECEIVED
JUL 1 3 1956

REPORT ON ELY VALLEY MINE DMA CONTRACT NO. E. 404

- VACATION PERIOD WORK AND MINE INSTALLATIONS -

Re: Docket DMA-66X (lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region II

Dear Mr. Ricker:

By way of confirmation of our letter of June 28, this is to advise that we started work on DMA contract 66X on June 30th, and expect to continue the work steadily until completion.

Thirty two thousand one hundred ($32,100) dollars would represent the approximate value of work done and cost of improvements provided for the continuing this contract, per detailed item as listed below.

Since the previous work under this contract was stopped and down to the end of the vacation period which has just ended, the Ely Valley Mine in order to be ready to go ahead with this contract at the end of the vacation period has made the following expenditures in labor and has provided for installation of the following equipment which it had purchased for this purpose.

Labor	$ 9,000.00	Cost of installation work and maintenance.
Pumps	8,000.00	Two 1,000 G. P. M. 1,000' head Ingersoll-Rand pumps with motors.
Electric Cable	3,800.00	Value of electric cable installation described below

10" pipe line	5,500.00	To take care of possible increases of water beyond present expectations.
Enlargement of 900 station	1,800.00	To provide for enlarge water sump storage and for increased pump capacity, transformer station etc.
Transformer installation	2,800.00	To provide 440 volt current for pumps.
Power	1,200.00	Keeping the mine unwatered down to 965' level.
Total	$32,100.00	

We give you this information for the record and in order to avoid your department having the idea that we have been doing nothing but waiting during the vacation period since work was interrupted and vacation granted, for reasons of which you are advised.

The holiday period was granted to extend to July 1st, and we wrote you on June 22nd asking that 30 days additional be granted for completion of the installation above listed. Since writing that letter, while we do not like to be crowded for time in this work, we now find that extension of time is not absolutely necessary for the reason stated in our subsequent letter of June 29th.

By providing a water door, and not having to wait the six or eight weeks which it would require to have an order for such a door filled, we have been able to work out a new schedule. Under it we were able to start at once with de-watering the 1200' level andimmediately thereafter can start putting in the water door. And while this is being done can complete the things which needed the additional time.

This is not a used door as you have inferred but is a new one. It was made for the C. M. R. Co. for installation on the 1400 ft. level of their mine. It was not installed and has never been used.

With it on hand we started on June 30th and have pumps in operation

now dewatering the 1200' level. This present pumping equipment has proved to be adaquate to keep the present flow of water pumped out. The water door can be installed before increasing the flow by advancing the drift. The present selected location for the door makes blasting in the face impossible, while the door is being installed.

Our contract calls for the installation of this water door and your representative has tentatively approved the location.

Accompanying this door we have the full engineered plans for installation and will be glad to have your representative go over them for his approval before being installed. We understand he is due here in a few days for his next regular visit.

These are the things we have been engaged in that have occupied our time during the holiday season granted, and which ended July 1st.

These preparation measures represent an expenditure of considerable time and money, not all called for in our contract, but all of them are long view precautionary measures and will avoid stopping the work when partly completed to do things we can now forsee as probable needs. While they take a lot of time and money they will save in the long run many times their present cost. Under our contract none of these holiday expenses are a charge upon the goverment.

As soon as the 1200' has been dewatered we will start on the installation of the water door which item is provided for in our contract.

Since the time extensions under this contract have been given we have gone ahead with the program, which from time to time we have discussed with your representative, to provide facilities and equipment looking to the future needs of the work. The idea in view has been to take precautionary measures in advance so as to save, what might prove to be later on, extravagant waste of time and money should we be required to stop the work while going on, to them provide for things which might better be put in at this time.

This work is all carefully engineered and has in view long time economy. For example we have listed a power cable from the surface to the transformer station of the 900' level. This is a specially designed 5,000 volt three conductor cable specially armored with stainless steel outercoating outside of lead encased conductors and the weight of this cable, about six ton, has been suspended from a concrete anchor at the collar of the shaft, to which is attached a steel messenger cable, so as to keep the weight off of the shaft timbers.

The pump basis for the two one thousand gallon per minute one thousand foot Ingersoll-Rand pumps have been grouted in with care as to all Over head I beams and crawls are installed for each pump. The pumps are new but have been carefully inspected as to insure their prompt service.

The ten inch pipe column is so installed that its weight rested upon concrete foundations at intervals so that none of the weight rests upon the shaft timbers.

In order to ready to go ahead with the contract at the expiration of the vacation period we have been keeping the mine pumped out down to the 965' level and have maintained the shaft in first class condition. There are no mine workings below the 965' level except the 1200 level station.

Respectfully submitted

ELY VALLEY MINES, INC.

by John Janney

John Janney
General Manager

File Copy
Surname

500

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

JUL 9 - 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-661 (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-ZhO4

Dear Mr. Ricker:

This is in reply to your memoranda of June 26 and 28, 1956, and the copies of the Operator's letters to you, dated June 22 and 26.

We have reviewed the Operator's request for another extension of recess and completion time. We cannot carry projects indefinitely on an inactive status. This project has been in recess for some time and no work has been done under the terms of the contract since September 1, 1953. By Amendment No. 5, Item 4(a), this contract was automatically terminated as of September 1, 1953. Item 4(c) of Amendment No. 5 provides that a pseudo-certification becomes effective July 1, 1956.

Therefore, we suggest that you advise the Operator that, if at some reasonable time in the future he can show that he is financially able to complete the work of the project, favorable consideration would then be given to reopening this contract.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

APPROVED:

/s/ Robert W. Geehan (GCS)
Member, Bureau of Mines

Thor H. Kiilsgaard (GCS)
Member, Geological Survey

JWAlt/bjl (7/3/56)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Chambers
Mr. Bishop
Mr. Kiilsgaard
Chron.

DMEA

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

RECEIVED
JUL 6 - 1956

1605 Evans Avenue
Reno, Nevada

July 2, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of letter dated June 29, 1956 in reference to subject contract.

I believe the letter is purely camouflage, and that the Operator is not now financially able to efficiently carry out the terms of the contract. Until he can assure us that sufficient funds are available to proceed with the work, I would recommend that any request for extension of time be denied, and that contract in the meantime be terminated.

I would appreciate your comments.

S. Ricker

Attach.

JUL 5 9 45 AM '56

June 29, 1956

RECEIVED
JUL 6 - 1956

Mr. S. Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Contract No. Idm-EL0k

Dear Mr. Rickert -

We are glad to report that we will begin work on the DMA contract tomorrow by starting unwatering the 1200' station preparation to putting in the water door, which is now on hand.

Having the water door changes our situation, because the pumps as now installed on the 900' level are of sufficient capacity until the water door is installed and that will simplify installing the larger pumps, which also are now on hand, while the water door is being installed.

While we would appreciate having the extension of time, asked for in my recent letter, it is not necessary to have it in view of our securing the water door.

Mr. Condie is hopeful that Mr. Gentry will be able to help decide some details relative water door installation when he is next in Pioche and says he has written him to that effect.

Very truly yours

ELY VALLEY MINES, Inc.

by John Barney
President

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

RECEIVED
JUL 6 - 1956

1605 Evans Avenue
Reno, Nevada

July 2, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Copies of your letters of June 22 and June 29 have been forwarded to our Washington office for their consideration.

I personally feel that the mere acquirement of a second hand water door does not indicate that the Ely Valley Mines, Inc. have resumed work previous to July 1, 1956, as required under provisions of the contract.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., DC.
R. M. Smith
File

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

RECEIVED
JUL 2 - 1956

1605 Evans Avenue
Reno, Nevada

June 28, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No.DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Supplementary to my letter of June 26, 1956 on subject contract, I am attaching two copies of a letter dated June 26, 1956 from Bruce Condie, Superintendent, Ely Valley Mines, Inc. to G. G. Gentry.

I do not believe that the mere acquirement of a second hand water door indicates that this company is any nearer to the start of operations under the contract. Their financial position still depends upon the Calaveras Central Mines, Angels Camp.

S. Ricker

Attach.

June 26, 1956

RECEIVED
JUL 2 - 1956

Mr. C. C. Gentry, Field Engineer
U. S. Bureau of Mines
P. O. Box 1551
Reno, Nevada

Dear Mr. Gentry:

I feel sure you will be interested in knowing that Mr. Janney has procured the Water Door from Combined Metals Reduction Company. The door, as you know, very well suits our needs, and the securing of it overcomes one of the hurdles that has stood as a factor in delaying the work after it is begun and one which is now removed.

The obtaining of the water door will make it possible to shorten the preliminary period of the necessary details of work before actually shooting rounds in the face of the drift. Because we can start in right away dewatering the 1200' station of the shaft with present equipment. We could then commence the water door installation and carry it on simultaneously with some of the other work which until now we have figured would be preliminary work.

Mr. Janney tells me he has written to Mr. Ricker explaining our position, and has asked that we be allowed to delay starting the work until Calaveras closes a financing deal it has now under way. This would be a very suitable plan but, with the water door on hand, I would recommend that we start dewatering the 1200' station right away.

I sincerely hope that our present position meets with your approval, and that our obtaining the water door will assure you that we are bending every effort to get the program into operation as soon as the holiday period is ended on July 1st.

We have been thinking lately that perhaps the best place to put the water door would be beyond the number one fault. We do not feel that much water will be encountered in the number one fault itself as it has been drained to the 963 level, and will not take much time to drain from there on down. We are looking forward to your next visit to help decide which place in the drift would be best.

Very truly yours,

ELY VALLEY MINES, Inc.

Bruce Condie

Bruce Condie, Superintendent

R 2n F a

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

WASHINGTON 25, D. C.

AIR MAIL

1605 Evans Avenue
Reno, Nevada

June 26, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of a letter from the "Operator" requesting another extension of time on subject contract.

We recommend that the contract be terminated in accordance to agreement with the Operator under Amendment No. 5. If the Operator at any time in the future can conclusively guarantee that he has sufficient funds to meet his obligations under the contract, you may wish to suggest that he could renew his application.

S. Ricker

Attach.

RECEIVED
JUN 28 1956

JUN 28 9 50 AM '56

June 22, 1956

Re: DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Contract No. Idm-E40h

Dear Mr. Ricker: -

I would like to report our progress and the present situation, with reference to our D.M.A. contract no. 66.

We have this week secured a water door to be installed in the 1200 level drift. We have installed a power calbe specially designed for this job, stainless steel outer wrapping lead cover and rubber insulation held in suspension from the surface to the 900 station, in order to keep its eight tons of weight off of the shaft timbers. The weight is carried by a 1" steel, a companion cable which is anchored in concrete at the collar of the shaft.

We have completed the installation of a ten inch water column from the 900 level to the surface, have concrete foundations put in for the two 1,000 gallon a minute 1,000 foot head Ingersoll-Rand pump and concrete foundations also on the 900 level for the transformer to step down the 2200 volt current down to 440 volts for the pumps. The transformer station and pumps are at the mine ready to go in.

All together we have spent over $80,000.00 to date chargable to this D.M.A. contract work and we are now already to go forward from where it was when your representative was last here. But we would like to have the consent of your department for a short additional recess time to complete the financing rather than to start the work on a delayed progress basis.

The payments due us from the Calaveras Central Mine at Angels Camp are expected to begin coming in within the next 30 days from the operation of their mill as heretofore explained.

The mill of that company which was being built at the time of my last report to you, on this subject, is now completed, and the company is in negotiations to provide the operating fund necessary before starting the mill. As soon as the mill is started we can expect payments on their account with us and our work can immediately start on a full time basis.

If it is the wish of your department that we start without waiting, we can being the work on July 1, but there would be a lot of lost motion and it would represent a loss in the long run.

In your letter of January 11, 1956 you stated you were prepared to suggest to the Washington office that we have a recess period to December 31, 1956.

RECEIVED
JUN 28 1956

They gave us a recess to July 1, 1956. It would appear that your recommendation would have suited our situation better, but we believe that a short additional extension would fit our present situation and use only a part of the time we both thought might be needed.

On the last visit to this office by your representative, Mr. Gentry, I gave him a rather detailed statement of how the financing of this company, through the regular method of the sale of its securities, was being held up by what we claim is entirely fictitious litigation, brought for the very purpose of interferring with the performance of this D. M. A. contract. We hope you will have time to study this paper in connection with our request, in its further consideration by your department, because we are asking for help to defeat the efforts of these people in obstructing this work which is important to both of us.

Appreciating your consideration we beg to remain.

Respectfully yours

Ely Valley Mines, Inc.

by John Jerney
President

RmEa

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

RECEIVED
MAR 14 1956

1605 Evans Avenue
Reno, Nevada

March 12, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Reference is made to your letter dated February 16, 1956 in which was transmitted the original and five copies of Amendment No. 5 to subject contract.

The amendment has been executed by the Operator, and the original and two copies are attached. Proper disposition has been made of the remaining copies.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

MAR 14 9 06 AM '56

File Copy
Surname

J. Alt
Grimwood
Chambers
Selfridge
Johnson

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

FEB 16 1956

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-2404

Dear Mr. Ricker:

We are enclosing the original and five copies of Amendment No. 5 for the cited contract, signed by the Administrator. Also enclosed are two extra copies of the amendment for the use of the Field Team.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the amendment is not satisfactory, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (GCS)

JWAlt/er 2/14/56
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

/s/ Robert W. Geehan (RWG)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

R.C.L.

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

RECEIVED
FEB 23 1956

1605 Evans Avenue
Reno, Nevada

February 21, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Enclosed are the original and five copies of Amendment No. 5 to above referenced exploration contract, signed by C. O. Mittendorf, Administrator, Defense Minerals Exploration Administration for the Government.

If the terms and conditions of this amendment are satisfactory to you, all six copies should be signed by your firm. The copy marked "Operator's Copy" should be retained by you and the original and the other four copies should be returned to this office.

If any part of this amendment does not meet with your approval, the original and all copies should be returned with your suggested changes.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

Encl.
SRicker:gh

cc: Opr. Com., DMEA, Wash., D. C.
Finance Off., Reg. II
Geo. Mavor, Auditor, DMEA, Reg. II
R. M. Smith, USGS
File

File Copy
Surname
Jr alt

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

500

February 14, 1956

Memorandum

To: The Administrator

From: Chief, Base Metals Division

Subject: Ely Valley Mines, Inc., Docket No. DMA-66X, Contract No. Idm-R404, Ely Valley Claims, Lincoln County, Nevada, Lead-Zinc.

Amendment No. 5 for the cited contract has been prepared which allows the Operator a further extension of recess time and completion time.

A Project Summary Report (Incomplete) is contained in the Docket. This report was prepared on September 22, 1955, and no work has been done under the terms of the contract since that date. After the work on the project was started, the Operator expended approximately $84,000.00 for his own account for pumping equipment, stations and labor on this project. He expects to be able to obtain funds to complete the work of the contract.

The Field Team states that the project has merit and that the Operator should be given an extension of recess time and an extension of completion time. It appears to be in the interest of the Government to grant a further extension.

As the target of this exploration project has not been reached, a pseudo-certification is included in this amendment.

W. R. Griswold

W. R. Griswold

JWAlt/er (2/16/56 rewritten)
(2/14/56)

Copy to: Docket
Base Metals
Chron.

File Copy
Surname
J. Alt

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION 500
WASHINGTON 25, D. C.

February 1, 1956

Memorandum

To: Associate Solicitor, Division of Mineral Resources

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 5 for Ely Valley Mines, Inc., Docket No. DMA-66X, Contract No. Idm-E4Ok (Lead-Zinc), Ely Valley Claims, Lincoln County, Nevada

Will you please prepare Amendment No. 5 for the cited contract. This amendment will allow the Operator an extension of recess time to not later than July 1, 1956, and extend the completion time for the work of project to September 23, 1957. If work is not started on or before July 1, 1956, a pseudo certification should be included in this amendment. Amendment No. 4 allowed a recess of operations to not later than August 16, 1955.

Also included in this amendment should be a clause stating that if work is started on or before July 1, 1956 and is not completed on or before September 23, 1957, there should be a pseudo certification, but leaving the Government the right to certify the project in the event that work is started and completed on or before September 23, 1957.

In Annex II of Amendment No. 4, delete the period "twelve years" and substitute the period "thirteen years" for royalty payment on production.

The Operator refused to sign the termination agreement which had been prepared for this contract and the unsigned copies were returned.

The Operator requested an amendment to continue the recess and an extension of completion time.

W. R. Griswold

W. R. Griswold

JWAlt/er
Copy to: Docket
Base Metals
Chron.

R M E a

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

RECEIVED
JAN 24 1956

1605 Evans Avenue
Reno, Nevada

January 19, 1956

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Reference is made to your letter of December 15, 1955 relative to subject docket.

Attached are the original and five copies of the Government's proposed Termination Agreement on subject contract. They have not been executed by the Operator.

Attached also are four copies of memorandum from Glenn Gentry to me regarding work done by the Ely Mines Company on their own account since consummation of original contract.

From discussion at various times with our engineers and geologists, I feel that the project has merit and I can see no harm in extending the recess period to not later than December 1, 1956 and the completion date to December 31, 1957. I doubt very much if Mr. Janney will be able to finance his participation but it is practically a costless risk to take on the Government's part in hopes that the project may be successfully completed.

Roscoe Smith and I, therefore, recommend that extension of time for both recess and completion be granted.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

JAN 23 12 58 PM '56

S. Ricker, Executive Officer, DMEA Field Team, Region II 1/19/56

Glenn Gentry, Mining Engineer, DMEA

RECEIVED
JAN 24 1956

Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Relative to Mr. Janney's letter dated Nov. 30, 1955, in which he states that the Ely Valley Mines Co. have expended $89,549.04 for labor, equipment and material chargeable to the exploration project, of which the Government has paid only $5,054.75.

The Operator discontinued active exploration work on September 1, 1953 due to lack of funds with which to pay his half of the exploration costs. The increased flow of water required the installation of additional pumping equipment and facilities which were not allowed in the contract. Therefore, some time after the water reached the 963 foot level in the shaft, the Operator at his own expense has completed the following:

1. Rock excavation on the 963 foot level for a large water reservoir for storage ahead of the pumps.

2. Concrete foundations for 2 pumps.

3. Concrete foundation for 3 electric transformers.

4. Installation of 10-inch pump column from the 963-level to the collar of the shaft and 12-inch discharge pipe from the collar of the shaft to waste. (Probably about 500 feet of pipe)

In Mr. Janney's letter to Mr. H. C. Miller, dated Aug. 31, 1954, he had itemized his expenditures for the above work in the amount of $73,530.92, but had included $19,171.03 as the cost of machinery. This letter should be in Washington Office files under cover of Mr. Miller's letter dated Sept. 16, 1954 to Mr. C. O. Mittendorf.

Additional expenses during the past year have included the cost of installing the pump column and the purchase of some 10-inch pipe. The major part of all expenses has been for labor. Also, it has been necessary for Mr. Janney to have three watchmen at the mine for 24-hour protection from Sept. 1, 1953 to date.

During a conference with Mr. Janney on the morning of Dec. 16, 1955, he still insists that he will receive sufficient revenue from his interest in the Calaveras Central Gold Mining Co. at Angels Camp, Calif. to finance his share of the DMEA exploration project. The date of receipt of such funds appears to be indefinite and the Ely Valley Mines Co. will also require sufficient capital for the installation of power cable, transformers, pumps and dewatering the shaft before actual exploration can begin.

It is believed that Mr. Janney is sincere in his desire to complete the DMEA contract, however, he has submitted no definite information from the Calaveras Central Gold Mining Co. as to their production, costs and profits and his hope for adequate returns may be wishful thinking.

At the best, it may be several months before accruing revenue from the Gold Mining Co., and it appears doubtful that the DMEA contract could be started prior to June 1, 1956. If started on that date, completion time should be extended to June 30, 1957.

Therefore, the Ely Valley Mines, Inc. financial situation remains approximately the same and that additional recesses and extensions of time will probably be necessary.

Government's Copy

TERMINATION AGREEMENT

It is agreed this 5th day of October, 1955, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Ely Valley Mines, Inc., hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E404, Docket No. DMA-66X, dated September 23, 1952, as amended, hereinafter called the "Contract," that:

1. Effective the date first above written, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the fixed unit costs of work performed prior to September 1, 1953.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including the rendering of the final report and final account.

4. The Operator, as principal if the Operator is the producer or as surety if the Operator is not the producer, shall pay to the Government the royalty on production provided for in the Contract, in the same manner and amount and for the same period as if certification of discovery or development had been made, such certification being hereby waived.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract, except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
ACTING Administrator, Defense Minerals Exploration Administration

Ely Valley Mines, Inc.

By _____

_____

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

1605 Evans Avenue
Reno, Nevada

January 11, 1956

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Reference is made to your letter of November 30, 1955 regarding our proposed Termination Agreement on referenced contract.

I am prepared to suggest to our Washington Office that the Termination Agreement be held in abeyance and that recess period on Amendment No. 4 be extended to not later than December 31, 1956 and that the completion date be further extended to December 31, 1957. Will you therefore return to this office at your earliest convenience the original and five copies of our proposed Termination Agreement which were sent to you under cover of our letter of October 17, 1955.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

SRicker:gh
cc: Opr. Com., DMEA, Wash., D. C.
Finance Office, Region II
Geo. Mavor
R. O., Reg. II
R. M. Smith
File

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

RECEIVED
DEC - 7 1955

1605 Evans Avenue
Reno, Nevada

December 5, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Reference is made to your letter of October 5, 1955 and copy of my letter to Mr. John Janney, dated October 15, 1955 relative to Termination Agreement of subject contract.

Attached are two copies of letter of November 30, 1955 from Mr. Janney in which he endeavors to explain why he does not wish to execute the Termination Agreement. I would be pleased to have your suggestions as to what further action I should take.

S. Ricker

Attach.

BUREAU OF MINES
WASHINGTON, D. C.

DEC 7 9 46 PM '55

November 30, 1955

RECEIVED
DEC - 7 1955

Mr. S. Ricker, Executive Officer
DMEA, Region II

Re: Docket DMA-66X (Lead-Zinc)
Contract No. Idm-E404

Dear Mr. Rickert -

My conversation with you and Mr. Gentry in Reno and your letter with the copies of proposed Termination Agreement has had the consideration of our Directors.

In going ahead with the work under this contract it has become necessary to expend a large sum of money in certain work which is now in progress and which must be completed, as I believe you understand, before the rest of the contract work can be done. This work is necessary before going ahead as it relates to handling a flow of water developed on the 1200' level.

This expense is entirely upon the Ely Valley Company as the Government assumes no part of it under our contract.

We have expended to date in labor equipment and material chargeable to this Exploration project $89,549.04 of which the Government has paid only $5,054.75. This outlay must be financed and our financing has met with opposition and delay for reasons entirely beyond our control as we have heretofore advised you.

Now the plan for completing this program is in such shape that within a short time we will be receiving funds from another source that will be adequate in amount to meet the contract.

It is believed that the act of Congress now being administered has for its purpose to aid the mining industry. It would seem therefore that a time limit in performance of the contract is not the essence of the matter and the policy, to aid mining would not seem to require a time limit, where in cases, such as ours, the work is being continued and every effort is being made to complete it.

In this connection we should recall that the Governments policy, as applied to us, is a case of replacing ore tonnages which were mined to help the war effort. We produced ores which contained 45,000,000 pounds of zinc, produced at a time when zinc was a critical emergency metal for building ships and airplanes. Without profits

RECEIVED
DEC - 4 1989

to our stockholders we thus depleted our available ore reserves instead of conserving them in a way to suit our own economy.

We have met with difficulties in our financing but have kept the work going. We wish to complete the contract. We understand that the Government is still making new zinc - lead exploration contracts. It is admitted that this particular exploration project has unusaul merit and offers large potentialities. Maintaining the Ely Valley in operation is one objective of this work.

After due consideration it is our conclusion that we would prefer to hold the present contract in effect, subject to our continuing the effort being made. In all likelyhood an indefinite time will be required in renewing the contract which you have suggested might be done. It would be our preference to avoid that delay by keeping the present contract in effect.

On the other hand we understand your accountants complaint of delayed action. If it is their insistance that the contract be cancelled and we can be assured that a new contract will be awarded without undue delay, after our financing is assured, we will agree to your proposal for terminating this agreement.

Very truly yours

Ely Valley Mines, Inc.

By: John Janney

P. S.

We believe the difficulties are a part of a plan to defeat the work.

JJ:sjh

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

RECEIVED
OCT 19 1955

1605 Evans Avenue
Reno, Nevada

October 17, 1955

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Reference is made to your letters of October 13, 1955 regarding the above referenced contract.

We have just received a Termination Agreement from our Washington office for the cited contract signed by the Acting Administrator, Defense Minerals Exploration Administration, for the Government. We are enclosing the original and five copies of the agreement. Will you please sign the original and all copies and return all except the 'Operator's Copy' to this office.

As you know after many time extensions to the contract, work did not start before August 16, 1955 as specified in Amendment No. 4. This Termination Agreement was drawn up without prejudice to the Ely Valley Mines property and at any time that it can be guaranteed that sufficient funds are available for your company to carry on with the proposed work as specified under the contract, we will be glad to consider your application for a new Defense Minerals Exploration Administration loan.

Very truly yours,

S. Ricker
Executive Officer
DMEA Field Team, Region II

Encl.
SRicker:gh
cc: Operating Committee, DMEA, Wash., C. C.

cc: Geo. Mavor, Auditor
Finance Off., Reg. II
File

File Copy
Surname
J. All.
Grimwood
~~Grimwood~~
Talbot
Selfridge
J. E. Gunn

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

OCT 5 - 1955

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Ricker:

We are enclosing the original and five copies of a Termination Agreement for the cited contract, signed by the Administrator. This agreement contains a pseudo-certification.

Please present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner.

We would appreciate receiving the final Field Team report at your earliest convenience.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GCS)

JWAlt/er 9/29/55
Copy to: Docket
Admr A File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

Enclosures

APPROVED:

/s/ Robert W. Geehan (RWG)
Member, Bureau of Mines

Thor H. Kiilsgaard (THK)
Member, Geological Survey

RGH

File Copy
Surname
J. Alt.

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

September 22, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Termination Agreement for Contract No. Idm-E404, Docket No. DMA-66X (Lead-Zinc), Ely Valley Mines, Inc., Ely Valley Claims, Lincoln County, Nevada

Will you please prepare a mutual termination agreement for the cited contract. Amendment No. 4 suspended work under the terms of the contract from August 31, 1954 to not later than August 15, 1955. No work has been done under the terms of the contract since August 31, 1953. This agreement should contain a pseudo-certification.

Please refer to the memorandum from the Executive Officer, Region II, dated September 13, and to the Interim Report by Glenn G. Gentry, dated August 24.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

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

RECEIVED
SEP 16 1955

1605 Evans Avenue
Reno, Nevada

September 13, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Reference is made to your letter of September 2, 1955 relative to above contract.

I approve of the recommendation in Mr. Gentry's interim report of August 24 that the contract be terminated, without prejudice. Mr. Janney could be advised that he could reopen negotiation for a new contract when he has the required financial backing with which to guarantee conclusion of the work set forth in any new proposed contract.

S. Ricker

S. Ricker

BUREAU OF MINES
WASHINGTON, D. C.

SEP 16 8 28 AM '55

File Copy
Surname
J. Lee
Swinnerd
Selfridge
Mittendorf

500

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

SEP - 2 1955

Mr. Spangler Ricker
Executive Officer
DMEA Field Team, Region II
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Ricker:

We have just received the Interim Report by Glenn G. Gentry, dated August 24, in which he states that no work is being done under the terms of the cited contract. According to Amendment No. 4 work should be suspended during the period beginning August 31, 1954 and end not later than August 16, 1955.

In the last paragraph of this report, Mr. Gentry states:

"Since receipt of the above letter, this office has received no additional information from Mr. Janney relative to his financial plans or his success in providing adequate capital for the completion of the exploration project. Therefore, due to the numerous delays, low rate of progress, various extensions of contract time, and the present indefinite status of the project, it is recommended that this exploration contract be terminated, without prejudice, thus allowing the unexpended funds to be allocated for other purposes."

We will appreciate receiving your comments and recommendations regarding this contract at your earliest convenience.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (JWB)

APPROVED:

P. F. Yopes (JWB)
Member, Bureau of Mines

/s/ N. E. Nelson (JWB)
Member, Geological Survey

JWAlt/er 8/31/55
Copy to: Docket
Admr R File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

R.S.B.

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

1605 Evans Avenue
Reno, Nevada

March 31, 1955

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D.C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead and Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Reference is made to your letter of March 10, 1955, transmitting to this office the original and five copies of Amendment No. 4 to the above subject contract.

The Amendment No. 4 has been executed on the part of the Operator, and one copy retained by him for his files. Distribution has been made of Finance Office and Field Team copies, and the original and two remaining copies are being returned to you herewith.

S. Ricker

Encls.

File Copy
Surname
J. Alt
Sturwold
Chamberlin
Selfridge
F E Johnson

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

500

MAR 1 0 1955

Mr. Spangler Ricker, Executive Officer
DMEA Field Team, Region II
U. S. Bureau of Mines
Rare and Precious Metals Experiment Sta.
1605 Evans Avenue
Reno, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E4Ok

Dear Mr. Ricker:

We are enclosing the original and five copies of Amendment No. 4 (2 pages) with Annex II, to the cited contract, which have been signed by this office for the Government.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute the copies in the usual manner. In the event that the amendment is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modification.

Sincerely yours,

George C. Selfridge
Chairman, Operating Committee (GHS)

Enclosures

JWAlt/er 3/8/55
Copy to: Docket
Admr R. File
Op. Committee
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

APPROVED:

J. H. Hedges
Member, Bureau of Mines (GHS)

Thor H. Kiilsgaard
Member, Geological Survey (GHS)

R.C.S.

File Copy
Surname
J.W.R. Alt
Griswold

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

February 28, 1955

Memorandum

To: Acting Assistant Solicitor, Defense Minerals

From: Chief, Base Metals Division

Subject: Preparation of Amendment No. 4 for Ely Valley Mines, Inc., Docket No. DMA-66X, Contract No. Idm-2404

Will you please prepare Amendment No. 4 for the cited contract. This amendment will allow a recess of operations from August 31, 1954 to not later than August 16, 1955. Also, this amendment is to include an extension of completion time from January 23, 1954 to August 23, 1956. The date of the contract is September 23, 1952. This amendment would therefore allow the Operator 47 months to complete the work of the contract.

The provision for royalty payment should be increased from 10 to 12 years.

Please refer to the memorandum from the Executive Officer, DMEA Field Team, dated February 15, 1955.

W. R. Griswold

W. R. Griswold

JWAlt/er

Copy to: Docket
Base Metals
Chron.

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

February 15, 1955

Memorandum

To: George C. Selfridge, Chairman, Operating Committee, DMEA
Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region II

Subject: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Attached are two copies of a memorandum from Glenn G. Gentry on above subject contract.

Mr. Gentry recommends that the completion time of the contract be extended to August 16, 1956. The schedule of refinancing and preparatory work extends from January 23, 1955, to August 16, 1955. The geological target for exploration is as attractive as it was when the contract was originally consummated.

Roscoe Smith and I believe that the contract should either be terminated or the Ely Valley Mines, Inc., be given one more chance to complete the project. We recommend the latter course and suggest that an amendment be drawn up extending the completion date as set forth in Mr. Gentry's memorandum. As much assurance as possible should be given the operator consistent with DMEA policy that the Government will participate in the exploration contract if the Ely Valley Mines, Inc., completes the financing and preparatory work prior to August 16, 1955. The operator can be advised that the schedule set up must be reasonably adhered to and that regular inspections by an engineer will be made.

S. Ricker
Executive Officer
DMEA Field Team, Region II

Attachment

Copy to: A. C. Johnson, Reno, Nevada
Roscoe Smith, USGS

February 8, 1955

Mr. A. C. Johnson, Supervising Mining
Engineer, Region II

Glenn G. Gentry, Mining Engineer

Docket No. DMA-66X - Lead-Zinc
Ely Valley Mines, Inc., Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Pursuant to a memorandum dated January 14, 1955, from Mr. S. Ricker, Executive Officer, DMEA Field Team, Region II, the Ely Valley Mine was inspected on February 3, 1955, and conferences held with Mr. Bruce Condie, Superintendent for the operator. Mr. John Janney, President of the Ely Valley Mines, Inc., was not in Pioche, Nevada, and his whereabouts and date of return to his office were unknown.

Mr. Condie reported that, prior to his departure, Mr. Janney appeared very hopeful that his efforts to secure adequate financing would be successful provided that his requested extension of contract time was approved by the Government.

Status of the Exploration Contract

The contract expired on January 23, 1955, and according to Mr. Janney's letter to Mr. Ricker dated January 4, 1955, he requests a 60 day vacation period for the purpose of securing the required financing. Therefore, allowing some time for investigation by possible investors, Mr. Janney might be able to conclude his arrangements on or about May 1st, 1955.

It appears evident that none of the necessary preparatory work can be started or completed until Mr. Janney has sufficient funds available.

Mr. Janney has reported at various times, that one of the major difficulties in securing additional financing has been caused by a law suit, No. 413 filed in the Supreme Court of the United States, for the October Term, 1953, by the:

Fidelity-Philadelphia Trust Company,
Trustee, as Petitioner
versus, Pioche Mines Consolidated, Inc.,
Pioche Mines Company, John Janney and
Richard K. Baker, Respondents.

Attorney for the Respondents is reported to be:

Mr. Charles O. Bruce,
American Trust Building,
Berkeley 4, California.

The examining engineer has no knowledge as to the date of beginning of this trial. However, it is quite possible that a considerable period of time may elapse prior to a decision by the Supreme Court.

Estimate of Time Considered Reasonable to Complete Necessary Preparatory Work.

These items were discussed in full detail with Mr. Condie, and are in reference to his estimate dated December 30, 1954, in a letter to Mr. Janney and attached to Mr. Janney's letter of January 4, 1955, to Mr. Spangler Ricker.

The examining engineer and Mr. Condie have agreed that some additional time should be allowed, in some instances, to cover unforeseen construction and installation difficulties, and have prepared the following estimate based upon present mine conditions and the present availability of experienced personnel:

Item	Condie Estimate on 12/30/54	Gentry & Condie Estimate on 2/3/55
1	5 man shifts	1 day
2	35 " "	10 "
3	60 " "	12 "
4	10 " "	4 "
5	15 " "	4 "
6	30 " "	6 " *
7	15 " "	4 "
8	10 " "	3 "
9	15 " "	3 "
10	7 " "	4 "
11	8 " "	2 "
12	15 " "	4 "
13	5 " "	2 "
14	5 " "	2 "
15	5 " "	1 "
16	40 " "	10 "
	250 " "	72 "

*This work consisting of ditching outside, for disposal of mine water could be conducted simultaneously with other work.

Therefore, provided that Mr. Janney is able to secure additional financing, the following estimated time schedule is considered reasonable:

Refinancing Period: Jan. 23, 1955 to April 30, 1955
**Preparatory Work: May 1, 1955 to July 15, 1955
Installation of water safety door on the 1200 level - July 15 to August 15, 1955
Actual start of contract exploration work on August 16, 1955.
Period to complete the exploration contract: August 16, 1955 to August 16, 1956

** By providing sufficient funds to allow a 2 shift operation, this time schedule could be reduced.

Recommendations

Due to the favorable aspect of the geological target and the size of the area to be explored, it is recommended that the above itemized extension of time be approved and that Mr. Janney be advised that he will be expected to meet all of these dates and requirements.

Glenn G. Gentry

Glenn G. Gentry.

File Copy
Surname
J. W. Allo
Griswold
F. J. Simons
Selfridge

500

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

JAN 18 1955

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

This is to acknowledge your letter of January 4, 1955, with which you enclosed copies of letters to Mr. Spangler Ricker, Executive Officer, Region III, dated December 13, 1954 and January 4, 1955, and a copy of a letter to you from Mr. Bruce Condie, Superintendent, dated December 30, 1954.

We are sending a copy of your letter to Mr. Ricker. In regard to the last paragraph of this letter, the matter of having a visiting engineer from the Bureau of Mines check the estimates will be entirely up to Mr. Ricker. We are also sending Mr. Ricker a copy of Bruce Condie's letter to you.

Before we take any action on your request for a recess of operations and an extension of completion time, we will await the recommendations from Mr. Ricker.

Sincerely yours,

C. O. Mittendorf

Administrator

JWAlt/bjl 1/13/55)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kiilsgaard
Mr. Ricker (Reg. II) (2)
Chron.

R.C.B.

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 13 1955
3:00 P.M. 1/13/55 Received by DMA.

January 12, 1955

~~JAN 13 1955~~

Mr. C. O. Mittendorf,
Administrator
Defense Minerals Exploration Adc.,
Washington 25, D. C.

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Mittendorf: -

We thank you for your recent letter relative our request for extension of time for completion of Project No. DMA-66X, and we are writing Mr. Ricker at San Francisco as you have suggested.

As you note from our letter to Mr. Ricker we estimate 50 days, or two months, for installing on the 900' level the transformer station, installing in the shaft the specially constructed and armored covered 5000 volt electric cable; making all necessary switch connections; installing two 1000 gpm, 1000 ft. head, station pumps (one motored to 1000 gpm, the other to 650 gpm); installing larger water column (10" diameter) from 900 level to surface; dewatering shaft to 1200' station and installing adequate pumps on 1200 level to service 900' level pumps.

With this enlarged pumping capacity completed we will be ready to proceed with the exploration as set out in our contract, No. Idm-E404, which we now estimate can be completed in twelve months after starting the work of continuing the drift from the 1200 level station.

In view of the circumstances reported in our letter of December 13th to Mr. Ricker we ask that sixty days be allowed as time for the financing needed to carry out our part of the contract, to replace funds that have been exhausted from expenditures called for in excess of estimates, making all together a total of two months of vacation time and fourteen months of operating time.

We would be pleased if you wish to have your visiting Engineer from the Bureau of Mines check these estimates.

Sincerely yours,

John Janney

President.

jj/gq.
enc.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN - 7 1955

January 4, 1955

Mr. Spangler Ricker
Executive Officer, DMEA Field Team
Region III
420 Custom House
555 Battery Street
San Francisco 11, California

Re: Docket No. DMA-661
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln Co., Nevada
Contract No. Idm-R404

Dear Mr. Ricker: -

Following my letter of December 13th to you on this subject and in accord with suggestion from Mr. Mittendorf, who wishes you to have our immediate operating plan in greater detail, I enclose herewith an estimate of time required and specifications of the various things we have before us, for the enlargement of pumping facilities to handle increased water flow encountered in starting our 1200' level drift, which work consists of installing on the 900' level the transformer station, installing in the shaft the specially constructed and armored covered 5000 volt electric cable; making all necessary switch connections; installing two 1000 gpm, 1000 ft. head, station pumps (one motored to 1000 gpm, the other to 650 gpm); installing larger water column (10" diameter) from 900 level to surface; dewatering shaft to 1200' station and installing adequate pumps on 1200 level to service 900' level pumps.

The time required for this work is put at 50 days of actual working time.

After starting the work of continuing the 1200' level drift we estimate twelve months will be required for completing the drifting work and diamond drilling provided for in contract.

After we feel assured that the time required for this work is available under our contract we do not think it will take long to make our financial arrangements. We ask that we be given 60 days for this as a vacation period with which to do this work.

Sincerely yours,

Ely Valley Mines, Inc.,

John Barney

President.

jj/gq
enc.

JWAlt/bjl (12/16/54) ROUGH DRAFT

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

This will acknowledge your letter of December 8, 1954. In reply to your questions, we wish to state that it is the policy of the Government to give additional time for the completion of the project provided that the Operator is complying with the terms of the contract. In the event a further amendment to this contract is granted, The Government will continue to contribute its share of the approved costs of the work performed, subject to the other provisions of the contract ~~not cut off the money as~~ stipulated ~~in the contract~~. However, you still must state your plans in definite terms, as pointed out in paragraph 3 of our letter to you dated December 3, 1954, before we know the type of amendment we are dealing with in terms of the dates of resumption and completion of the work.

We sincerely hope that, if you have not already done so, ~~that~~ you will furnish Mr. Ricker, Executive Officer, Region III, with the information requested in our letter at your earliest convenience.

Sincerely yours,

Administrator

RECEIVED
DEC 16 1954
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

See Mitts' memo attached.

File Copy
Surname

J. W. Walt.
Griswold

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

DEC - 3 1954

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E4O4

Dear Mr. Janney:

This will acknowledge your letter of November 24, 1954. We note that you desire to continue the work under the terms of the existing contract but that you will require an extension of time to complete the work of the project.

As you are writing to Mr. Spangler Ricker, Executive Officer, DMEA Field Team, Region III, advising him that you plan the resumption of this work in the near future, we will await Mr. Ricker's comments and recommendations concerning your request.

In this connection, Mr. Ricker should be informed on more specific terms as to when you will resume operations, and have reasonable assurance that you will be adequately financed to carry out your share of the cost of the work that remains to be done.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

JWAlt/er 12/3/54
Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Region III (2)
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Chron.

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

RECEIVED
NOV 26 1954

November 24, 1954

11/29/54 - Received by DMEA.

Defense Minerals Exploration Adm.,
Department of the Interior
Washington 25, D. C.

Re: Docket DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.,
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Mittendorf: -

In reference to your letter of November 10th denying our application on the ground that you are not permitted to allow costs of any work performed which did not have prior approval by the government.

All the work we have done has been in consultation with the representative of the Bureau of Mines who periodically visits this work and we most assuredly considered that all the work done was necessary to carrying out the exploration project that was approved.

We did include under request for rental value cost of equipment, thinking that the rental value might be allowed on it. We would like to withdraw our request for rental allowance on the cost of this equipment. We still consider the estimates on the work done were inadequate, as we pointed out at the time, as far as it relates to cleaning out the shaft and sinking the shaft an additional depth.

If we cannot have favorable consideration for a revision of these estimates on the basis that the work was previously approved, we would like to be allowed to go ahead with the work based on the present contract, for which we must ask for an extension of the time within which the contract must be completed, for the reason that we will need to finance the requirement of this work which exceeds our estimates to an extent which makes this course necessary.

We have already started negotiations for this financing and have no doubt that arrangements can be made in a short time, but they cannot be hurried and we would like time allowed to overcome the difficulties that are a part of the situation which could not be forseen, as reported in previous letters.

As you have kindly suggested in the last paragraph of your letter we are advising Mr. Spangler Ricker, Executive Officer, DMEA Field Team, San Francisco, that we will plan the resumption of this work in the near future.

Sincerely yours,

John Janney

jj/gq.

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

DEPARTMENT OF THE INTERIOR
Nevada Administration
DEC - 6 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

November 30, 1954

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. MMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-5404

Dear Mr. Janney:

Reference is made to your letter of November 24, 1954, relative to extension of completion time for work called for in above subject contract.

As you know, the original exploration contract was dated September 23, 1952. Work was suspended from February 28, 1953, to April 2, 1953, due to lack of funds on the part of the Operator. After work was resumed on April 2, 1953, it was again suspended from September 1, 1953, to May 10, 1954, for the same reason. Work was again suspended on August 31, 1954, for an indefinite period due to lack of funds on the part of the Operator.

Owing to the fact that the contract has been in effect for more than two years, any additional proposed amendments must be referred to our Washington office for approval. Before recommending an amendment for extension of completion time, I would like to have more definite information as to the date of your proposed resumption of operations than that given in your letter of November 24. It would seem useless to draw up another amendment until you can give us some assurance that you are properly financed to comply with your obligations under the contract.

I cannot discover any material in our files that would detract from the desirability of completing the work as set forth in the original contract. I trust, therefore, that you may make satisfactory arrangements financially in the near future so that you can

guarantee resumption of the work within a reasonable time. Nothing in this letter, however, is to be taken as a commitment on the part of the Government in relation to any amendment of the contract.

Sincerely yours,

S. Ricker
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS

File Copy
Surname

UNITED STATES
DEPARTMENT OF THE INTERIOR 500
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

NOV 1 0 1954

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-E404

Dear Mr. Janney:

Reference is made to your letters of August 31 and October 12, 1954, addressed to Mr. N. C. Miller and to Mr. A. C. Johnson, in which you request that the Government participate in $73,530.92 of expenditures made by your company for work not included in the subject contract. You state that those expenditures were made for your sole account during the period between October 1952 and July 31, 1954, and you now request reimbursement of one-half of the amount either by an amendment to the existing contract or by the execution of a new and separate contract.

I regret to advise you that we cannot comply with your request because the DMEA regulations do not permit participation in the costs of any work performed which did not have prior approval by the Government.

With reference to paragraph 3 of your letter to Mr. A. C. Johnson, dated October 12, 1954, it would be appreciated if you would advise Mr. Spangler Ricker, Executive Officer, DMEA Field Team, Region III, 420 Custom House, 555 Battery Street, San Francisco 11, California, what plans you have towards resumption of work under the terms of the contract.

Sincerely yours,

C. O. Mittendorf

Administrator

JWAlt/er 11/9/54
Copy to: Docket
Admr R File
Oper. Comm.
Base Metals
Mr. Bishop, USBM
Mr. Kiilsgaard, USGS
Region III, (2)
Chron.

P.C.S.

File Copy
Surname

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

November 3, 1954

Memorandum

To: Administrator

From: Chief, Base Metals Division

Subject: Docket No. DMEA-66X, Ely Valley Mines, Inc., Lincoln County, Nevada, Contract No. IDM-E4C4, Zinc-Lead

I have reviewed the cited docket, in view of the letters from the Operator dated August 31 and October 12.

It is difficult to see where this Operator has any just ground for complaint, the contract as written gave it almost precisely what it had requested.

In a letter dated May 6, 1952, this company stated: "In order to expedite the processing of our application for Government assistance under our application DMA-66, I wish to advise you that Ely Valley Mines, Inc. are agreeable to entering into a contract based upon and substantially the same as outlined in attached exhibits A, B, C, and D, which itemize the costs of the various stages of the proposed exploration program, and you are authorized to prepare a contract incorporating these provisions."

Quotation from Exhibit E attached to above letter

"Total Cost of Project		$94,610.00
Govt. Participation	$47,305.00	
Ely Valley Mines, Inc.	$47,305.00	
	$94,610.00 "	

The work program outlined in the referenced Exhibits A, B, C, and D, were exactly those used in the contract. However, one program item was 3000 feet of diamond drilling at $10.00 per foot.

Later in a letter dated August 28, 1952, the Applicant stated: "The cost of diamond drilling may be reduced in our estimate from $8.70 per foot to $7.50 per foot." - - - "We also leave this to your judgment and believe your are right in putting the cost at $7.50 per foot unless unexpected difficulties are encountered."

Therefore, we have a condition where an Applicant outlined a specific program, comprised of various items, at a total cost of $94,610.00. He later reduced his estimate by $2.50 per foot for 3000 feet of diamond drilling, or a total reduction of $7,500.00. This leaves a net cost estimate by Applicant of $94,610.00 minus $7,500.00, or $87,110.00.

The Government, in granting a contract, provided for exactly the same work items as the Applicant, at a total cost of $86,200.00, an amount very close to the Applicant's figure, the difference being only $910.00, an inconsequential amount in a contract of this size.

Actually, in granting a contract to this Applicant, the Government gave it essentially everything that it had asked for. If, as the Applicant now intimates, its estimates were incorrectly concieved, it is no fault of the Government nor could the Government logically be expected to "bail out" this Operater.

W. R. Griswold

W. R. Griswold

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

Defense Minerals Administration
RECEIVED
OCT 25 1954

420 Custom House
555 Battery Street
San Francisco 11, Calif.

October 21, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-66X (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Nevada
Contract No. Idm-E404

By memorandum dated September 16, 1954, I sent you a number of documents relating to the subject contract.

We have not answered Mr. Janney's letter of August 31, 1954, as no word has been received from the Washington office in answer to my request as to what I should reply.

why the delay?

We now have a further communication from Mr. Janney, dated October 12, 1954, addressed to Mr. A. G. Johnson, Reno. A copy of that communication is attached.

We note that Mr. Janney requests the contract be "put on a vacation basis until this (his) application (presumably his August 31, 1954, letter) can receive attention."

The original contract is dated September 23, 1952, and was to run for 16 months; by Amendment No. 2, dated November 3, 1953, the original 16-month period was extended to 26 months; and by Amendment No. 3, the period was extended to 28 months. The completion date, therefore, is now January 23, 1955.

I believe your office should strongly consider whether further extension of time is warranted in view of the unsatisfactory progress

made to date. Apparently Mr. Janney wishes to extend the completion date, hoping that his August 31 request will be acted upon favorably.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments (to H B for S00)

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

P. S. Since dictating the above, a memorandum dated October 19, 1954, arrived from A. C. Johnson. A copy of that memorandum also is attached. HCM

October 12, 1954

Re: Contract Idm - E 404
D.M.A. 66
Ely Valley Mines, Inc.

Mr. A. G. Johnson
Bureau of Mines
Reno, Nevada

Dear Mr. Johnson:

In reference to Ely Valley application of August 31, 1954, relative above contract.

Inview of the delay in receiving reply, we respectfully ask that our time of working be put on a vacation basis until this application can receive attention.

This for the reason that the next steps to be taken will be different depending upon the decision of the department relative our application.

It might be helpful and appropriate for me to call attention to these facts:—

1. That Ely Valley opened the mine at the suggestion of the head of the Lead-Zinc division of the War Production Board.

2. Produced substantial supply of zinc for the war effort.

3. Has distributed no dividends or profits to stockholders.

4. Has been working since the production for war effort, with government approval, on exploration for strategic metals with this project in view which we are still working on.

5. Has exhausted its present available ore bodies in contributing to these two objectives and while

the tonnage produced was too small to yield a profit, it helped in lowering the cost of the development program.

6. This application for assistance, (under the Act of Congress authorizing it) may be viewed as an incentive to secure cooperation to develop extensions of the ore body to replace the ore mined for the war effort as well as to provide for future requirements.

7. The successful completion of this project accomplishes these objectives, and for this, the aid provided for by Act of Congress has become a necessity, to this applicant, for reasons previously stated.

Respectfully,

ELY VALLEY MINES, INC.

s/ John Janney
By President.

JJ:MJ

Bureau Library
OCT 25 1954

xxxxxxxxxxxxxxxx
Mining Division

1605 Evans Avenue

October 19, 1954.

Memorandum

To: Mr. H. C. Miller, Executive Officer, DMEA Field Team Region III

From: Chief, Mining Division, Region III

Subject: Docket DMA-66X - Lead-Zinc
Ely Valley Mines, Inc., Lincoln County, Nevada
Contract Idm-E404

Under date of September 10, the original and three copies of a letter were forwarded to your office from Mr. John Janney, President of the Ely Valley Mines, Inc., in which he requested a review of his contract to determine if there was a possibility to obtain additional funds under the contract to carry out the exploration work at the Ely Valley Mine.

To obtain these necessary funds he is under the impression that the DMEA should finance a part of the expenditures that have been necessary to conduct the exploration work on this property and for the additional rehabilitation work that Janney has done on his own account. He has detailed, in his letter to you dated August 31, the expenditures that have been made in conducting the rehabilitation work on the Ely Valley shaft.

Evidently Mr. Janney has not had any correspondence relating to his request for a review of his application. There is enclosed a copy of a letter addressed to me, dated October 12, in which he is asking to have his DMEA contract placed on a vacation basis, without any stipulated time, until further information is received by him in reference to the request that he has made for a review of his contract.

The Ely Valley Mine was inspected with Mr. Gentry on October 8. The shaft is in good condition and Mr. Janney has gone to considerable expense in providing for a sump, concrete foundations for the pump and also transformer installations. None of these items are covered under

the contract. Mr. Janney has also been endeavoring to obtain additional funds for carrying out his part of this exploration but to date has been unsuccessful in raising the necessary capital to do the work.

However, it is believed that before work is resumed in the shaft, he should have sufficient capital to match the DMEA loan to continue the work. Also I believe that he is entitled to some remuneration due to the fact that the rehabilitation work and the new installations are essential to the completion of the work outlined under the DMEA contract. However, I am of the opinion that his present contract will probably have to be terminated and renegotiated on a more equitable basis.

A. C. Johnson

Encl.

CC: Mr. Roscoe M. Smith, USGS

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

420 Custom House
555 Battery Street
San Francisco 11, Calif.

September 16, 1954

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-66X (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Nevada
Contract No. Idm-E404

Attached are (1) copy of letter dated August 31, 1954, from Mr. John Janney, President, Ely Valley Mines, Inc., to H. C. Miller, with copy of letter of the same date to A. C. Johnson from Mr. Janney attached thereto; (2) copy of memorandum dated September 9, 1954, from Glenn G. Gentry to A. C. Johnson, Subject: DMA-66X; (3) copy of a memorandum dated September 10, 1954, from Chief, Mining Division, Region III, to H. C. Miller, Subject: DMA-66X.

Mr. Roscoe Smith and I have reviewed Mr. Janney's request and agree with Mr. Johnson that it is questionable if the Government can comply with his request. However, before answering Mr. Janney's letter, I would appreciate hearing from you as to what I should reply to him.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Enclosures

Copy to: Roscoe Smith, USGS

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

Defense Minerals Administration
RECEIVED
MAY 7 - 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

May 3, 1954

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Claims
Lincoln County, Nevada
Contract Idm-E404

Dear Mr. Janney:

By Amendment No. 3 to the cited contract you were permitted to recess your operations under the contract to not later than May 1, 1954.

I presume you have met this deadline date and that operations are under way. Kindly let me have written confirmation so that I can inform the Washington office that you ended the recess period before the deadline date.

Sincerely yours,

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
Roscoe Smith, USGS
A. C. Johnson, Reno

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

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

April 12, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building
Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-66X (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Nevada
Contract No. Idm-E404
Amendment No. 3

Attached are the original and two copies of Amendment No. 3, dated March 10, 1954, made in connection with subject contract.

A justification sheet is attached to each copy of the amendment.

The usual distribution has been made of the remaining copies of the amendment.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Attachments

Copy to: A. C. Johnson, Reno (With copy of amendment)
Finance Officer, Region III (With copy of amendment)
Roscoe Smith, USGS
George Mavor

FILE COPY
SURNAME:

500

J. W. Alt
Selfridge

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

MAR 10 1954

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

Re: Docket No. DMA-66 (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-1464

Dear Mr. Miller:

We are enclosing the original and five copies of Amendment No. 3 to the above contract, signed by this office for the Government. The amendment was requested in your memorandum of February 23, 1954.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature and, when completed, distribute in the usual manner. In the event that the amendment is not satisfactory and cannot be amended within your delegated authority, return all copies with your recommendation concerning any modifications.

Sincerely yours,

George C. Selfridge

Chairman, Operating Committee (JWB)

Enclosures 6

APPROVED:

J. H. Hedges
Member, Bureau of Mines (JWB)

D. M. Larrabee
Member, Geological Survey (JWB)

JWAlt/bjl (3/8/54)

Copy to: Docket
Admr. R. File
Op. Committee
Base Metals
Mr. Bishop
Mr. Kinkel
Chron.

R.C.M.
3-11-54

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

500

March 3, 1954

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: Request for amendment to allow extension of recess and time of completion -- Docket No. [illegible]-66, Ely Valley Mines, Inc., Contract No. Idm-[illegible]4

Will you please prepare Amendment No. 3 to the above contract. The amendment is to be drawn up to allow the Operator to recess the work from March 1, 1954, to May 1, 1954, and to extend the completion time to 28 months from the date of the contract. The date of the contract is September 23, 1952; the completion time by this amendment would be January 23, 1955.

Amendment No. 2 allowed the Operator to recess the work of the contract from September 1, 1953 to March 1, 1954, and extended the completion time from 16 to 26 months.

Please refer to E. C. Miller's memorandum of February 23, 1954, to the Operating Committee.

/s/

W. T. Griswold

JWAlt/bjl

Copy to: Docket
Base Metals
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 1 - 1954

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 23, 1954

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines
Lincoln County, Nevada
Contract No. Idm-E404

By Amendment No. 2 to the subject contract, work on the project was recessed from September 1, 1953, to March 1, 1954.

Mr. John Janney, President, Ely Valley Mines, Inc., called at the office on February 19 to inform me that his company would not be financially able to resume work on March 1, but would be able to do so on or about May 1, 1954. Therefore, he would like to have a two months' extension of the recess period and an extension of the contract to 28 months.

During the recess period Ely Valley Mines has been maintaining the shaft amd making certain repairs and retimbering it where necessary.

Ely Valley Mines, Inc., is a part-owner in a gold-gravel operation in the Mother Lode Area of California. This operation, so Mr. Janney said, not only produces some gold but sells an exceptionally fine grade of crushed rock for which there is a ready sale in large quantities. It is from this operation that Mr. Janney expects to get the finances needed to explore the Ely Valley Mine.

Because of the two year limitation, an amendment extending the recess period will have to be drawn in the Washington office. It is recommended, therefore, that the amendment be prepared by you along the requested lines.

H. C. Miller, Executive Officer
DMEA Field Team, Region III

Copy to: Roscoe Smith, USGS
A. C. Johnson, Reno

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 24 1953

1012 Flood Bldg.
870 Market Street
San Francisco 2, Calif.

November 20, 1953

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Contract Idm-E404 - Docket DMEA-66X (Zinc-Lead)
Ely Valley Mines
Lincoln County, Nevada
Amendment No. 2

Attached are the original and two copies of Amendment No. 2, dated November 3, 1953, made in connection with subject contract.

A justification sheet is attached to each copy of the amendment.

The usual distribution has been made of the remaining copies of the amendment.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Attachments

Copy to: A. C. Johnson, Reno (With copy of amendment)
Finance Officer, Region III (With copy of amendment)
E. H. Bailey, USGS
George Mavor

cc
11-24

FILE COPY
SURNAME: AB

J.W. Alt
Brandt
Talbert
Selfridge
Kilpatrick

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

NOV 3 1953

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

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Ely Valley Claims
Lincoln County, Nevada
Contract No. Idm-M404

Dear Mr. Miller:

We are enclosing the original and five copies of Amendment No. 2 to the above contract, signed by this office for the Government, together with Annex I.

If the amendment meets with your approval, kindly present it to the Operator for approval and signature, and when completed distribute in the usual manner. In the event that the amendment is not satisfactory, and cannot be amended within your delegated authority, return all copies with your recommendations concerning any modifications.

Reference is made to your memorandum of October 1, 1953, in which you state: "It seems advisable, therefore, that DMEA establish some kind of a policy for handling continued requests for extensions which I have every reason to believe will be made of us." The DMEA cannot set a fixed policy regarding extensions of completion time for operators who are requesting a recess and an extension of time to complete the work of the contract. The decision regarding each one will depend upon the merits of the project and what policy is considered to be for the best interests of the Government. In this particular case, we thought the Operator should be allowed to recess the work and be granted an extension of time to complete the work of the contract.

Sincerely yours,

George C. Selfridge (GCS)
Chairman, Operating Committee
JWAlt/hmj (10-29-53)

APPROVED:

J. H. Hedges
Member, Bureau of Mines (GCS)

A. R. Kinkel, Jr.
Member, Geological Survey (GCS)

CCs to: Docket, Op.Com., Mr. Bishop, Chron., Adm. R. File, Mr. Kinkel, Base Metals

RCS 11-3-53

FILE COPY
SURNAME:

500

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

H/S, in R.R.

October 26, 1953

Memorandum

To: Chief Counsel

From: Chief, Base Metals Division

Subject: An amendment to allow a recess of operations and an extension of time to complete the work of the Contract No. Idm-E414, Docket No. DMTA-66, Ely Valley Mines, Inc., Lincoln County, Nevada (Zinc-Lead)

Will you please prepare Amendment No. 2 to the above contract. The amendment is to be drawn up to allow the Operator to recess the work of the contract from September 1, 1953 to March 1, 1954 and to extend the completion time from 16 to 26 months from the date of the contract. The date of the contract is September 23, 1952; the completion time would be November 23, 1954.

W. R. Griswold

W. R. Griswold

JWAlt/bjl (10/26/53)

Copy to: Docket
Base Metals
Chron.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT - 6 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

October 1, 1953

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Lincoln County, Nevada
Contract Idm-E404

There is attached herewith a copy of a letter dated September 16, 1953, from Mr. John Janney, President, Ely Valley Mines, Inc., to Mr. A. C. Johnson.

You will note that Mr. Janney requests a ten months extension of his contract in order for him to "rustle" needed funds and, if successful, to give him time to complete the work outlined in the subject contract. The expiration date of the contract is January 23, 1954, and it is for ten months from that date that Mr. Janney would like to have his contract extended. Kindly note that Glenn G. Gentry, in his interim report on the operations of the Ely Valley Mines, dated September 23, 1953, recommends a six months extension, stating that this period should be sufficient providing two shifts are used during exploration operations.

Apparently all work at the mine below the 900 level has ceased, equipment and pumps have been pulled and the shaft is flooded to the 900 level. Unexpended funds amount to approximately $76,000.00.

There is a grave question in my mind if this extension of time should be granted. In fact, I am more inclined to think that the contract should be terminated for cause. With the zinc market what it is, it seems doubtful if Mr. Janney will find it easy sailing to raise the necessary $100,000.00 in funds to reopen the lower workings and complete the proposed exploration. In the meantime, the unexpended balance is tied up.

We have several other contracts on lead-zinc properties that also are inactive while operators are waiting to see what the market for lead and zinc is going to do. It seems advisable, therefore, that DMEA establish some kind of a policy for handling continued requests for extensions which I have every reason to believe will be made of us.

Your thoughts on the Janney request will be appreciated.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachment

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

September 16, 1953

Mr. A. C. Johnson
Bureau of Mines
Reno, Nevada

Re: Fly Valley Mines, Inc.
Contract No. Idm-F 404
Lincoln County, Nevada

Dear Mr. Johnson: -

Fly Valley Mines, Inc., hereby applies for an extension of time for the completion of its exploration contract No. Idm-F 404, dated September 23, 1952, and for the following reasons we request an extension of ten (10) months for the completion of this contract.

Unforseen and unusual difficulties have been encountered in this work. In cleaning out the shaft the fines in the material proved excessively abrasive and this condition required increased expense and time for correction.

Circumstances required the disbanding of our mine force before approval of contract and as a result shaftmen, always hard to find, were not available.

Additional work on the 1200 level station consumed more time because of the shortage of experienced shaftmen, and expenses for carrying the work through the additional periods of time have greatly depleted our cash reserves.

The Company expenditures on this work to date are: $ 48,474.49
Government participation to date amounts to: 4,164.00

At this time under Exhibit A of the Exploration Contract we have completed the following items: -

1. Clean out and rehabilitate approximately 50 ft. of present shaft just above the 1200' level.

2. Deepen present shaft an additional 20 ft. to provide a sump and install necessary timbers.

3. Construct pocket below the 1200' level to handle rock from the 1200 level.

4. Crosscut from the shaft at 1200 level in a northeasterly direction for a distance of 105 ft.

We have intersected the No. 1 fault and additional water has been encountered which is greater than expected and which will require the installation of additional pumping capacity of approximately 1000 gpm.

The installation of this additional pumping equipment will require an expense of about $25,000.00 and approximately 90 days additional time. It will require two additional pumps of a capacity of 1000 gpm against a 1000 ft. head. The necessary additional pumps are on hand.

Therefore due to the expenditure of very much more money than expected and the delay in the work which could not have been forseen, which was unavoidable, we will require ten months additional time to complete the contract, as we are very anxious to complete the exploration at the earliest possible date, and will appreciate it very much if your department would consider this a reasonable request in the circumstances. We will be in position to continue the extension of the 1600' of drift on the 1200' level as soon as our financing plans are completed.

Respectfully submitted,

Ely Valley Mines, Inc.,

John Janney

President.

JJ/EQ.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP - 8 1953

1012 Flood Building
870 Market Street
San Francisco 2, California

September 4, 1953

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Contract Idm-E404 - Docket DMEA-66X (Zinc-Lead)
Ely Valley Mines
Lincoln County, Nevada
Amendment No. 1

Attached are the original and two copies of Amendment No. 1, dated August 26, 1953, made in connection with subject contract.

A justification sheet is attached to each copy of the amendment.

The usual distribution has been made of the remaining copies of the amendment.

S. Ricker for H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to: A. C. Johnson, Reno (with copy of amendment)
Finance Officer, Region III (with copy of amendment)
E. H. Bailey, USGS
George Mavor

RECEIVED
SEP 15 1953
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

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

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

September 4, 1953

Memorandum

To: A. C. Johnson, Bureau of Mines, Reno, Nevada

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-66X (Zinc-Lead)
Ely Valley Mines
Lincoln County, Nevada
Contract Idm-1404

We are today in receipt of a letter dated September 2, 1953, from Mr. John Janney, President of subject concern, reading in part as follows:

"I am looking forward to the next visit of your representative here so we can have a discussion of the situation on the ground, as the flow of water from the work demonstrates that additional pumping facilities are necessary and the expense of the installation will be considerable, even though we have on hand most of the pumps that we would like to install for this work. We have on hand a 1000 gpm Pomona pump, which would admit of the bowls being in the sump and the motor on the 900 ft. level. Then we have two 1000 gpm 1000 ft. head pumps of the Ingersoll-Rand manufacture, but one of these is only motored to 600 gpm. These pumps are on hand but not installed. This expense would be considerable and it would be but ordinary prudence to find out if the time of our work could be extended.

"We have been delayed by conditions which are absolutely beyond our control, and I believe your visiting engineer will confirm that we have worked to the best of our ability and pushed this work as much as we could, and have not been extravagant in the cost in any way, but have had to contend against conditions which resulted from the fact that there is no other work in the mine except this, and the superintendent, watchmen, mechanics, electricians, etc., which are necessary for this piece of work give it an over-head that is necessarily high."

After one of your engineers has had an opportunity to discuss the above problems with Mr. Janney, will you kindly let me have your comments and suggestions, so that we may know what steps are necessary in connection with this project.

S. RICKER
S. Ricker for H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Washington, D. C.
E. H. Bailey, USGS

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

MDR

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

August 26, 1953

Ely Valley Mines, Inc.
John Janney, President
Pioche, Nevada

Re: Docket DMA-66X (Zinc-Lead)
Ely Valley Mines
Lincoln County, Nevada
Contract Idm-E404

Dear Mr. Janney:

This office is in receipt of your MF-104 and MF-104A Forms and narrative report covering expenses incurred under Contract Idm-E404 for the month of July 1953.

We note that you have included in the vouchers the cost of widening a section of the 1200-foot level and excavating a sump on that level. The costs of doing this work are reported as 50.9 feet of drifting at $35 a foot or a total of $1,781.50.

The work of widening the level and excavating the sump is not included in the contract. Your voucher, therefore, is being passed on for payment with the $1,781.50 item suspended.

I have discussed this additional work with Mr. A. C. Johnson and it is his opinion that for successful prosecution of your exploration program the widening of the level and the excavation of the sump was necessary and should be allowed. We realize that these added expenditures were not foreseen when the contract was drawn.

In order for you to claim the costs in question an amendment to your contract is necessary. Such an amendment has been drawn up and six copies are enclosed for your signature. When you have signed all six copies, kindly return the original and five copies to this office. The copy marked "Operator's Copy" should be retained by you for your files. You should then resubmit the $1,781.50 item on your August MF-104 and MF-104A Forms.

Sincerely yours,

H. C. MILLER
H. C. Miller
Executive Officer
DMEA Field Team, Region III

Enclosure

Copy to: DMEA, Washington, D. C.
A. C. Johnson, Reno
E. H. Bailey, USGS
Finance
Mr. George Mavor

Office of
Executive Officer
DMEA Field Team
Region III

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAR 2 1953

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

February 24, 1953

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket DMA-56X (Zinc-Lead)
Ely Valley Mines
Lincoln County, Nevada
Contract Idm-2404

Dear Mr. Janney:

Following your visit to this office, I wrote the Washington office of the Defense Minerals Exploration Administration of your desires to have your contract amended so that you could claim $120.00 a foot for cleaning out the shaft and $130.00 a foot for sinking.

Previously, on January 6, I had written the Washington office and at that time attached copies of your October 24 and October 25 and December 31, 1952, letters.

I now have a reply to my January 6 communication to the Washington office, which for the present at least I assume is a similar reply to what I may get to my February 6 Air Mail memorandum written following your visit to the office on February 5.

The Washington office reports, in reply to my memorandum of January 6 in which only the cost of cleaning out the shaft was discussed, that "assuming that $50.00 per foot actually is not sufficient to cover the cost of this one item, it may be that some of the other items are sufficiently overestimated to enable the Operator to make up the difference on this one small item."

The Washington office reports further that "in any case, we find nothing in the record that would justify a revision of the agreed estimated unit cost on this one item of work. It seems plain that contracts on the short form cannot be amended to allow the Operator to increase the agreed estimated unit cost of a small element of the work merely because that one element of the work may cost more than the amount agreed upon."

It would seem from the above that there is no chance to have your contract amended to transfer $5,100.00 to the cleaning-out and

shaft-sinking items from the $56,000.00 allowed for exploratory.

Sincerely yours,

H. C. MILLER

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Copy to: DMEA, Interior Building, Washington
E. H. Bailey, USGS
A. C. Johnson, Reno

140
FILE COPY
SURNAME:

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

JWAlt
Keating
Hofflund
Chambers
Johnson

FEB 13 1953

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

Re: Docket No. DMA-66
Ely Valley Mines, Inc.
Contract No. Idm-E404
(Zinc-Lead)

Dear Mr. Miller:

Reference is made to your memorandum to the Chairman of the Operating Committee, dated January 6, to which is attached copies of letters dated October 24, October 25, and December 31, 1952, from the Operator to the Executive Officer.

The contract, dated September 23, 1952, is on the short form and provides for some six items of work at agreed estimated unit prices in the total estimated cost of $86,200. The Operator now objects to one of these items, "Clean out and rehabilitate approximately 50 feet of the present shaft just above the 1200 foot level - 50 feet @ $30.00 per ft. . . . $1,500.00". The Operator contends now, as it did at the time the contract was entered into, that $30.00 per foot will not cover the cost of this work.

It is to be observed that the item objected to is a very small one in relation to the entire estimated cost in the sum of $86,200. Assuming that $30.00 per foot actually is not sufficient to cover the cost of this one item, it may be that some of the other items are sufficiently overestimated to enable the Operator to make up the difference on this one small item.

In any case, we find nothing in the record that would justify a revision of the agreed estimated unit cost on this one item of work. It seems plain that contracts on the short form cannot be amended to allow the Operator

to increase the agreed estimated unit cost of a small element of the work merely because that one element of the work may cost more than the amount agreed upon.

Sincerely yours,

George C. Selfridge (GCS)

Chairman, Operating Committee

Approved:

J. H. Hedges (JHH)
Member, Bureau of Mines

S.H. 2-13-53

S. M. Lemmon (JHH)
Member, Geological Survey

JWAlt/JLHofflund/em
2/2/53

Copy to: Mails and Files
Adm. R. File
Op. Comm.
J. H. Hedges
L. P. Thayer
A. G. Keating
J. W. Alt
J. L. Hofflund
chron.
pending

FILE COPY
SUBNAME: 500

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

Jim Alt.
Keating

FEB 1 0 1953

Hon. Homer Ferguson
United States Senate
Washington 25, D. C.

Re: Docket No. DMA 66X (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Colorado
Contract No. Idm-404

My dear Senator Ferguson:

Your letter of February 2, 1953, to the Honorable John J. Forbes, Director of the Bureau of Mines, has been received. Responding to your inquiry we can advise you that a contract for exploration assistance between the Government and the Ely Valley Mines, Inc. has been executed by Mr. John Janney, President of the Company, and the Government. J.C. 2/10/53

The date of the contract is September 23, 1952, work to start within 60 days and to be completed in 16 months. The total amount of the contract is for $86,200.00, with Government participation 50 percent or for $43,100.00.

It is hoped that this is the information you desire for your constituent.

Sincerely yours,

C. O. Mittendorf (for)

Administrator

JWAlt/hmj
2-9-53
CC to: Docket
Admr. Reading File
Operating Committee
Base Metal Division
Region IV (2)
Mr. Alt
Mr. Kinkel
Mr. Bishop

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
FEB 9 1953

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Bldg.
870 Market St.
San Francisco 2, Calif.

February 6, 1953

Air Mail

Memorandum

To: C. O. Mittendorf, Administrator, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-66X (Zinc-Lead), Ely Valley Mines, Inc.
Lincoln County, Nevada
Contract Idm-E404

When the subject contract was signed by Mr. John Janney, President, Ely Valley Mines, Inc., on October 13, 1952, and our copies returned to this office, Mr. Janney wrote in his covering letter, in part, as follows:

> "The price allowed for the 42 feet of shaft to be cleaned out is below our estimate by quite a margin but if your Bureau of Mines department will have one of their engineers stop by next time they are passing through Pioche and show us how it can be done we will see if we can do it, but we will go ahead anyway."

In that statement, Mr. Janney was referring to the contract allowance of $30 a foot for cleaning out and rehabilitating approximately 50 feet of the present shaft above the 1200-foot level. In his application, he asked for considerably more than $30 a foot, but as we do not have a copy of the original application, we have no record of the exact amount.

In a letter to me dated October 24, 1952, Mr. Janney wrote as follows:

> "In reference to the allowance of $30 per foot for cleaning out the shaft, the lowest bid we have for the work of loading the material into the skips is $40 per foot. This covers the labor in the shaft of loading the material into the skip. We then have the handling of the water, which means keeping the pumps in operation as the shaft water is lowered. It will be necessary to have a hoistman

and a surface man to attend the operation of the shaft. It is, of course, apparent that it would be impossible to do this work for $30 a foot."

In that letter, Mr. Janney again asked that a Bureau of Mines engineer call at the property to determine "what would be a proper per foot cost to allow for this as a modification of the $30 per foot item in the contract."

In a letter to me, dated October 25, 1952, Mr. Janney again requested the services of one of our engineers as is indicated in the following paragraph taken from that letter:

"May we ask your assistance in having the engineer from your department, on his next trip to Pioche, confer with us and show us how the cleaning out of shaft can be done at the cost of $30 per foot, as allowed in the contract. By that time the work will be going on and he can check under actual working conditions. Meanwhile, we are going ahead in good faith, hoping your estimates can be proven to be correct and ours not correct."

In another letter, dated December 31, 1952, from Mr. Janney to me, he goes to considerable length to point out why it is impossible to clean out the shaft for $30 a foot. I gain from that letter that he apparently asked for $100 a foot in his original application.

I note in my memorandum of January 6, 1953, to Frank E. Johnson, Chairman, Operating Committee, that I sent him copies of Mr. Janney's letters of October 24 and 25, and December 31, 1952, with a request that I be informed as to how to answer these communications. As no reply has been received to date, I am assuming that the latter is being considered in your office.

You will note from the December 1, 1952, Interim Report by Glenn G. Gentry, Mining Engineer, Bureau of Mines, that during his inspection of the Ely Valley Mine on November 17-20, he conferred with Mr. Janney about the shaft-cleaning problem and the cost of carrying it out. Mr. Gentry included in his report Mr. Janney's estimate (labor only) of $199.30 a day for cleaning out the shaft. He mentioned also that two feet a day progress is anticipated and that Janney had contracted with Walter Weber and Vivian Ewing to clean out the shaft (loading of muck into the skip only) at $40 per foot.

I can find nothing in our files on what our engineer calculates as to the actual cost of cleaning out the shaft, but Mr. Janney, who called at the office yesterday, told me that it cost him $120 a foot. He told me also that the cost of deepening the shaft, for which the contract allows him $100 a foot, actually is costing $130 a foot.

Callahan Zinc-Lead Company has filed a suit for $1,000,000 in an attempt to collect from the Ely Valley Mines, Inc., what they claim they lost as a result of the cancellation of a contract Callahan had for treating Ely Valley ore. Though Mr. Janney went to great length to tell me why the suit was filed, the deal was much too complicated for me to try to describe. The fact that the suit has been filed, however, is the important thing because now the company is not able to negotiate a needed loan at the banks. As a result, Mr. Janney said he is up against it to meet the next payroll.

Mr. Janney's call at the office was to find out if his contract could be amended so he could claim $120 a foot for cleaning out the shaft and $130 a foot for sinking. The difference between what he got (and in the case of sinking, what he is to get) will amount to $4,500 plus $600, or $5,100. He said that he is not asking that the contract total ($86,000) be increased but that the $5,100 be transferred from the crosscutting item, for which he has been allowed $56,000.

I told Mr. Janney that I would submit his proposal to you as he presented it, and here it is. As stated earlier in this memorandum, Mr. Janney indicated he needed the money right away to meet a coming payroll.

If Mr. Janney's wishes can be met, I suggest your office prepare the required amendment, or let me know how it might be handled at this end. If your office needs any further information, we will gladly try to supply it upon request.

H. C. Miller
Executive Officer, DMEA Field Team
Region III

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

6-12
(February 1947)

Mr. Mittendorf
Room 4640

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

February 6, 1953

Referred to Mr. C. O. Mittendorf, Administrator
Defense Minerals Exploration Administration

Subject: Exploration program between Ely Valley Mines, Inc. and Bureau of Mines

---

Remarks: Letter received from Hon. Homer Ferguson quoting letter from constituent with interest in Ely Valley Mines in Pioche, Lincoln County, Nevada, who desires an exploration program between Ely Valley Mines and the U. S. Government.

W. E. Rice
Chief, Administrative Service.

U. S. GOVERNMENT PRINTING OFFICE 16—52093-1

OFFICE OF THE DIRECTOR

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

February 6, 1953

Hon. Homer Ferguson
United States Senate
Washington 25, D. C.

My dear Senator Ferguson:

Your letter of February 2, relative to an exploration program between Ely Valley Mines, Inc. and the Bureau of Mines, is acknowledged.

The Bureau of Mines supplies the Defense Minerals Exploration Administration engineers for examinations, but the negotiations for exploration loans are carried on by D.M.E.A., and your letter is being forwarded for proper attention to Mr. C. O. Mittendorf, Administrator of that agency, in Room 4640, Interior Building.

Sincerely yours,

Director

cc: Mr. Mittendorf w/orig.incoming ltr.
Mr. Zinner
Director's reading file
W. O. Files

KENNETH MC KELLAR, TENN., CHAIRMAN
CARL HAYDEN, ARIZ.
RICHARD B. RUSSELL, GA.
PAT MC CARRAN, NEV.
JOSEPH C. O'MAHONEY, WYO.
DENNIS CHAVEZ, N. MEX.
BURNET R. MAYBANK, S. C.
ALLEN J. ELLENDER, LA.
LISTER HILL, ALA.
HARLEY M. KILGORE, W. VA.
JOHN L. MC CLELLAN, ARK.
A. WILLIS ROBERTSON, VA.
STYLES BRIDGES, N. H.
HOMER FERGUSON, MICH.
GUY CORDON, OREG.
LEVERETT SALTONSTALL, MASS.
MILTON R. YOUNG, N. DAK.
WILLIAM F. KNOWLAND, CALIF.
EDWARD J. THYE, MINN.
ZALES N. ECTON, MONT.
JOSEPH R. MC CARTHY, WIS.

EVERARD H. SMITH, CLERK
THOMAS J. SCOTT, ASST. CLERK

~~DIRECTOR~~

Zinner

United States Senate

COMMITTEE ON APPROPRIATIONS

February 2, 1953

Minerals Division
Referred by Paul Zinner, Chief
To: 1. Director
Attention: 4640
Comments
Your information

The Honorable John J. Forbes
Director of the Bureau of Mines
Interior Building
Washington 25, D. C.

Dear Director Forbes:

I have just had a letter from a constituent of mine which reads as follows:

> "I have a small financial interest in the Ely Valley Mines, Inc., a zinc mine (they have some lead, but it is primarily zinc) in Pioche, Lincoln County, Nevada, of which a Mr. John Janney is president.
>
> "Over the period of the last several months the Ely Valley Mines, Inc. has been applying to the Bureau of Mines for one of those joint programs whereby the Bureau of Mines puts up one-half of the amount of money and the mine puts up the other half, for zinc exploration purposes.
>
> "It is our understanding that this total program will involve a sum of almost $100,000. The story we get from the management is not quite clear so I would like to find out just what the status is of this application and whether the joint program has been approved by the Bureau of Mines or is pending.
>
> "For various reasons not necessary to go into here, I do not want to contact the Bureau of Minesmyself, and I also want to make it very clear that I am not in any way pressing to have this joint Ely Valley Mines, Inc. -Bureau of Mines exploration program go through. I merely want to ascertain the status."

I would appreciate any information you can give me regarding this particular project which I ~~might send~~ to my constituent.

With very best wishes,

Sincerely,

HF/mg

NA 2/4/53

Homer Ferguson

RECEIVED
FEB 4- 1953
BUREAU OF MINES,
Office of Director.

RECEIVED
FEB 5 1953
Mail Section

FEB 4 11 10 AM '53
BUREAU OF MINES
WASHINGTON, D.C.

Ogden - Company.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JAN 12 1953

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

January 6, 1953

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMEA-66X, Lead-Zinc, Ely Valley Mines, Inc., Exploration Contract Idm-E404, Lincoln County, Nevada

Mr. John Janney, President, Ely Valley Mines, Inc., has written a number of times to tell me that $30.00 a foot is not enough for cleaning the waste and muck out of the shaft on his property under his contract. Mr. Janney has requested that our engineers visit his property to show him what economies might be effected to bring his cost down to $30.00 a foot.

Mr. Glenn G. Gentry's Interim Report, dated December 1, 1952, shows that he conferred with the Operator and made some suggestions. Nevertheless, in a letter dated December 31, 1952, Mr. Janney asks for a revision of the estimated cost of cleaning out the shaft.

Apparently, the crux of the whole matter is, as is brought out in the second to last paragraph of Mr. Janney's letter to me, dated October 24, 1952, that part of the cost of running the hoist and maintaining the shaft can no longer (since August 9) be divided between production and exploration but must be carried entirely by exploration.

Copies of Mr. Janney's letters to me dated October 24, 25 and December 31, 1952, are attached. Will you kindly let me know how I can answer these communications.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments
Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno

December 31, 1952

Defense Minerals Exploration Administration
Executive Officer, DMEA Field Team,
Region III
1012 Flood Bldg.,
870 Market Street
San Francisco 2, California

Attn. Mr. H. C. Miller

Gentlemen: -

With reference to our letter of October 25, 1952, and our Exploration Contract Idm-F404, under our application DMA-66: -

The contract price allowed to cover cleaning out 50 ft. of shaft, filled from ore and waste spillage, you will note was $30.00 per foot as compared with our estimate of $100.00 per foot. You will note our letter of October 25th calls attention to the advisability of a restudy of this estimated cost -

> "In this connection if the progress of the work shows the figures allowed to be inadequate, with this rental allowance eliminated, we would like the door held open for a restudy of this item in the contract, that adjustment may later be made if such proves to be proper and called for in order to do the work.
>
> "May we ask your assistance in having the Engineer from your department on his next trip to Pioche confer with us and show us how the cleaning out of shaft can be done at the cost of $30.00 per foot, as allowed in Contract, by that time the work will be going on and he can check under actual working conditions.
>
> "Meantime we are going ahead in good faith hoping your estimates can be proven to be correct and ours not correct."

We have found this cost has been affected by a number of unusual conditions that could not have been taken into account in your estimate. The fine gritty ore particles having such abrasive action on pump equipment that impellers and bowls for one pump

have had to be replaced and a settling sump had to be put in, to eliminate the coarser particles and as much of the fines as practicable. This is completed and we have found that it gives a very satisfactory result. A sinker pump discharges into this settling sump from which the overflow is taken to the 900 level by a permanent installation Pomona pump, and from there to the surface by pumps as previously installed.

The usual preliminary work before shaft sinking had to be done, such as clearing rock and debris from timbers overhead of men working in shaft, installing necessary pipe, guides for sinker pump cross head installation for Pomona pump, pumping out shaft from 1020 to 1148 level, realigning and reblocking of timbers that were below the water level.

May we now request a revision of the estimated cost of this shaft work, and to that end may we ask that you again have visiting engineer representing your department to renew his study of conditions here and advise if we could have done or now can do anything to reduce these costs. Also to recommend if a revision in the allowed cost of this shaft work would seem advisable and proper, after giving his consideration to the circumstances and conditions affecting this particular piece of work.

Our October and November expenses for labor and supplies alone not including equipment, power, supervision, accounting and other costs: -

For October	$1,024.92
For November	4,358.26

All of these costs were for preliminary or preparation work except $414.31 in November for actual sinking.

We regret that we feel impelled to request a restudy and possible readjustment of the contract price allowed us in this part of the work, but our situation as outlined in previous letters makes it most urgent that we do so, and if such is within the spirit and intent of the Act of Congress and within the range of approval of your department as being a fair and reasonable request, it would most certainly serve the purpose the Congress had in mind in passing this law.

Respectfully,

Ely Valley Mines, Inc.,

John Dancy

President.

jj/gq.

COPY

ELY VALLEY MINES, INC.

Pioche, Nevada

October 24, 1952

Mr. H. C. Miller
Defense Minerals Administration
1012 Flood Building
San Francisco 2, California

Dear Mr. Miller:

Please find enclosed the copies of the contract signed as you requested.

In reference to the allowance of $30.00 per foot for cleaning out shaft, the lowest bid we have for the work of loading the material into the skips is $40.00 per foot. This covers the labor in the shaft of loading the material into the skip. We then have the handling of the water which means keeping the pumps in operation as the shaft water is lowered. It will be necessary to have a hoistman and a surface man to attend the operation of the shaft.

It is, of course, apparent that it would be impossible to do this work for $30.00 a foot. Could you arrange to have an engineer come over from the Bureau of Mines and show us what we could do to lower the cost of this piece of work, and bring it as near as possible to the amount that has been allocated in the contract, and in the absence of any such adjustment being possible could you have recommendations from the engineering department of the Bureau of Mines of what would be a proper per foot cost to allow for this as a modification of the $30.00 per foot item in the contract.

It is our understanding that the purpose of the law would be to have the government assume a 50% share in the cost of such exploration work. In this connection it should be taken into consideration that on August 9th we were forced to discontinue the operation of the zinc ore which we kept going until that date, along the lines set forth in previous correspondence for the purpose of maintaining the work and dividing the costs between mining the zinc and the exploration work. As it is now the cost of the shaft labor other than shoveling the muck into the skip rests entirely upon this exploration work. In view of the financial situation we have worked into due to the continuance of this work, we would like to have all the help that is due us under the law, and would appreciate anything you can do to aid us in this. Meantime, we are going ahead with the exploration project, DMA-66 which work was started October 16th.

Again thanking you for your cooperation in this matter.

Respectfully,

Ely Valley Mines, Inc.

JJ:gq

/s/ John Janney, President

October 25, 1952

Defense Minerals Exploration Administration
Executive Officer, DMEA Field Team,
Region III
1012 Flood Building
870 Market Street
San Francisco 2, California

Attn. Mr. H. C. Miller

Gentlemen: -

Re: October 15th letter.

With reference to Exploration Contract Im-7404, under our Application DMA-66: -

We would like to work in close cooperation with your engineering department and have the benefit of their criticism and suggestions on the occasion of their visits to Pioche which we understand occur once or twice per month.

The allowance for use of equipment which is provided for in the l[illegible] we note has been eliminated from our contract even though the amount asked for was approved by Mr. Gentry, the engineer from the Bureau of Mines you had sent here for that purpose. In this connection if the progress of the work shows the figures allowed to be inadequate, with this rental allowance eliminated, we would like the door held open for a restudy of this item in the contract, that adjustment may later be made if such proves to be proper and called for in order to do the work.

May we ask your assistance in having the Engineer from yourdepartment on his next trip to Pioche confer with us and show us how the cleaning out of shaft can be done at the cost of $30.00 per foot, as allowed in Contract, by that time the work will be going on and he can check under actual working conditions.

Meantime we are going ahead in good faith hoping your estimates can be proven to be correct and ours not correct.

Respectfully,

Fly Valley Mines, Inc.,

John Janney

President.

JJ/EG.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Bldg.
870 Market St.
San Francisco 2, Calif.

October 28, 1952

Memorandum

To: Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Contract Idm-E404 - Docket DMA-66X (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Nevada

Reference is made to Mr. Ernest Wm. Ellis's letter of September 23, transmitting to this office the original and five copies of subject contract.

The contract has been executed on the part of the Operator and one copy retained by him. Proper distribution has been made of the Field Team's and Finance Office's copies, and the original and two remaining copies are returned herewith.

H. C. Miller
Executive Officer, DMEA Field
Region III

Attachment

Copy to: E. H. Bailey, USGS
A. C. Johnson, Reno (With Field Team's copy of contract)
Finance Officer, Region III (With copy of contract)

500

FILE COPY
SURNAME:

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

SEP 23 1952

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

Re: Docket No. DMA-66 (Zinc-Lead)
Ely Valley Mines, Inc.
Lincoln County, Nevada

Dear Mr. Miller:

We are enclosing the original and five copies of the above contract, together with Exhibit "A", (2 pages) and one map.

If the contract meets with your approval, kindly present it to the Applicant for approval and signature, and when completed, distribute in the usual manner. In the event the Contract is not satisfactory, return all copies with your recommendation concerning any modification.

It will be necessary to insert in the contract, in the space provided under Article 3, the number of days from the date of the contract in which work shall commence.

Sincerely yours,

9-23-52

Ernest Wm. Ellis

ACTING Chairman, Operating Committee

Enclosures

JWAlt/mb September 19, 1952

Copy to: Docket
Adm. Reading File
Operating Committee
Mr. Keller (2)
Mr. Alt
Mr. Bishop
Mr. McKnight
Region III

APPROVED:

C. H. Johnson
Member, Bureau of Mines

T. P. Thayer
Member, Geological Survey

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
SEP 12 1952

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

September 9, 1952

Mr. C. O. Mittendorff,
Acting Administrator
Defense Minerals Exploration Administration
Washington 25, D. C.

Re: Docket No. DMA-66X
(lead-Zinc)
Ely Valley Mines, Inc.

Dear Mr. Mittendorff: -

Your letter of August 14th was sent on to me by Mr. Miller from San Francisco. When it arrived I happened to be away from the office for a few days, but I answered it on August 28th. Before now you no doubt have received this answer by way of Mr. Miller, and I hope it answers satisfactorily your requirements.

The Ely Valley Mine supplied the war effort with 54,000,000 lbs. of zinc to fill a critical urgency. It worked in disregard of its own best interests by exhausting available ores, using manpower that might have been employed keeping ahead with development. It has worked at a loss since the exploration aid law was enacted by Congress, in an effort to keep its organization together with a resulting depletion of the cash it had built up, and which had been conserved to meet the need for the exploration of extensions of the ore body, prematurely depleted by the above policy. No dividends to stockholders have ever been declared by Ely Valley. All of its present available ore tonnage is about exhausted as a result of meeting the national emergency plus the delay in this exploration project.

Therefore we hope your letter of September 4th does not mean the rule for allowing rental on equipment will not be carried out in our case. We need all the help we can get at this late date, although if action on our application could have matured a year or so ago our situation would be quite different.

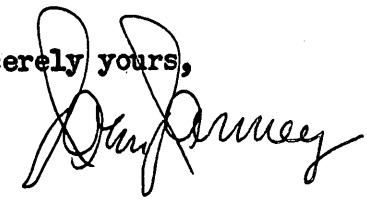
I ask you to recall a former occasion where action was delayed on Ely Valley receiving premiums provided by the former law, aiming to alleviate or offset price control in cases where such price control would stop production. On that occasion you told me it had been reported to your department that Ely Valley had failed to build the contemplated auxiliary shaft you had understood it would build. You will recall that I was able to give you assurances that the shaft was completed and in operation. Your board being enlightened as to the truth of this shaft situation promptly corrected the mistake, but even then we found ourselves with some months of uncollectable back premiums the adjustments for which could not be made for the reason that we had not applied for the correction soon enough.

In view of this past experience May I ask if you are in the present instance having to contend with people who are bringing you such depreciating information tending to have the very natural effect as it had before. There are a lot of people now just as there were then who would like to see us fail to realize our proper benefits under this exploration aid law, and would like to see us reach such a low ebb that we must sell the Ely Valley property or turn it over on some other basis.

There is a provision in the law for rental of equipment. The San Francisco office has sent an engineer in here from the Bureau of Mines in Reno, who has studied our situation and made recommendations as your record shows. If there is any doubt about Ely Valley needing or being worthy of this lawful assistance that it is within the intent of Congress to allow, please consider this as a request that you permit us to clarify our position in that respect.

Appreciating your labors in this matter just as in the former matter referred to, and your efforts to hasten the completion of our contract, I remain with best wishes and regards,

Sincerely yours,



jj/gq.

c
o
p
y

GARDNER-DENVER COMPANY

113 West Second South St.
Salt Lake City 1, Utah

Executive Offices
Quincy, Illinois

April 14, 1952

Mr. John Janney
Ely Valley Mine
Pioche, Nevada

Dear Mr. Janney:

At your request I called back at your mine and got the specifications from Bruce Condi covering your shaft hoist. I have discussed the matter with Mr. Walter Hanson of the U. S. Smelting Company, who has written up specifications for several shaft hoists. From his figures we have set a price of about $90,000 which would be the purchase price of a new hoist of late design for the Ely Valley shaft. The hoist which they paid this price for is powered with a 250 HP motor and 5-foot drums, whereas your hoist is a 300 HP with 6-foot drum. Mr. Hanson is in accord with you on the estimate of price and says that $90,000 for a hoist of this type is a good average figure.

We estimate that the assembly and installation of the above hoist, which would include new sheave wheels, new cage skips and replacement of hoist cable, plus the foundation and labor for installation, would cost approximately $10,000, making a grand total of the hoist purchase and installation of $100,000 - not far from what we estimated.

If we can assist you further, please advise.

Very truly yours,

GARDNER-DENVER COMPANY

by: s/ Owen G. Jarvis

Owen G. Jarvis

OGJ:IM

Docket

FILE COPY
SURNAME:

500

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

SEP 4 1952

Mr. John Janney, President
Ely Valley Mines, Inc.
Pioche, Nevada

Re: Docket No. DMA-66X (Lead-Zinc)
Ely Valley Mines, Inc.
Lincoln County, Nevada

Dear Mr. Janney:

I delayed answering your letter of August 8, 1952, in the belief that I would be in a position to give you a more favorable report.

On August 14th, in a letter to Mr. H. C. Miller, we requested additional information that is pertinent to the drawing up of a proposed contract. However, while awaiting the additional information, our staff has prepared a tentative contract which can be completed on the receipt of the requested information.

The contract will be drawn up, to provide for payment by the Government of its proportion of some of the costs of the project, on a unit cost basis. For your information we are enclosing a copy of the form of contract which will be used for this purpose.

We regret there has been so much delay in obtaining the information required to finalize the proposed contract.

Sincerely yours,

Signed

Acting Administrator

J.H.
9-4-52

Enclosure

HFKeller-mb
Sept. 3, 1952
Copy to: Docket
Adm. Reading File
Operating Committee
Mr. Keller)2)
Mr. Bishop
Mr. McKnight
Region III (2)

PIOCHE, NEVADA
Aug 8 - 52

R. Doucet - D.M.A. 66X

Mr C. O. Mittendorff -
Interior Bldg
Washington D.C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 12 1952

Dear Mr Mittendorff.

Realizing how busy you must be with matters of greater importance I hesitate to take up your time but I have no reply to my letter of July 18th in re D.M.A. 66X.

As pointed out in that letter the circumstances with us call for the disbanding of our very fine mine organization unless we can have some estimate of how much longer delay we will have before receiving your proposed contract of exploration, for our the Ely Valley Mines project.

During this delay since our application in May 1950 we have about exhausted our cash in spite of having paid no dividends once carefully conserved it. 300 to 400 tons a day is what it takes for a profitable tonnage and this calls for opening the lower levels of the ore

Sincerely yours
Ely Valley Mines Inc
John Jannen
Pres

DMA-66

In reply to this letter.

A letter has been sent to the T.T. from the Operating Committee on August 13, 1951 - requesting additional information.

Upon receipt of this information we will be possible enough to expedite your contract to completion. We hope that your contract will be completed this month.

51,988.08
120
171 988.08

37250
12

1474
416
745
2635

12667.00
7113
19.780

26.912
37250
104,162

7. The deepening of the present shaft could also be on a unit cost basis, but if we use the figure of $100 per foot, we would need to know how this figure was obtained.

Upon receipt of this information, we shall be able to complete the drawing up of this contract.

A.N.
8-14-52

Sincerely yours,

(signed) FRANK E. JOHNSON
(JWB)
Chairman, Operating Committee

APPROVED:

C. H. Johnson
Member, Bureau of Mines (JWB)

D. M. Lemmon
Member, Geological Survey (JWB)

JWAlt/bjl (written 8/13/52)

Copy to: Docket ✓
Admr. R. File
Op. Committee
Mr. Keller (2)
Mr. Alt
Mr. Bishop
Mr. McKnight
Chron

IN REPLY REFER TO:

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

August 8, 1952

Memorandum

Re: DMA-66
Ely Valley Mines
Pioche, Nevada
$99,574
Zinc (lead)

To: Mr. H. F. Keller

From: E. T. McKnight, USGS
O. M. Bishop, USBM

Subject: Approval of project

The Pioche district since 1912 has been a major western producer of zinc-lead ores. The chief producer at the present time is the Combined Metals Reduction Company which has a flotation mill of 1,500 tons daily capacity, and which for several years has treated, in addition to company ores, the ores of the applicant. Applicant is the second largest zinc producer in Nevada. The main shaft of Combined Metals Reduction Company is on the southwest side of the Ely Range although many of the workings lie under the Range, whereas the Ely Valley mine is on the northeast side.

At both mines, production is almost entirely from a 40-foot limestone bed in the lower part of the Pioche shale. This bed, commonly called the "Combined Metals bed", is called the "50-foot bed" by applicant. The mineralization of this ore bed has been effected through a net work of faults which break and offset the ore bed. There has also been some post-ore faulting, though part of this may represent renewed movement on pre-mineral faults. The mineralized zone is at least 1 mile wide across the width of the Ely Range.

At the Ely Valley mine, the ground is broken by several northwest-southeast faults of considerable throw. The recent production of the mine has come from a block of ground about 450 feet wide lying between the Uplift fault and the parallel No. 2 fault lying northeast of it. From 1942 to the end of 1950, 560,537 tons of ore were taken from an ore body replacing the Combined Metals bed in this block, and additional ore has been taken out since. This ore body, which is just now being exhausted, was 40 feet thick, 1,400 feet long in a direction parallel to the fault strike and 300-400 feet wide in a direction perpendicular to the faults. This ore body was extremely pyritic, but carried an average grade of 10.07% zinc, 0.57% lead, 0.31% copper, 0.60 oz. silver, and 0.012 oz. gold. In the period stated, the ore body produced 56,454 tons of zinc, 3,203 tons of lead, 1,752 tons of copper, 336,197 oz. silver, and 7,007 oz. gold. This ore body indicates the type of target sought by the proposed exploration.

The northeast side of the ore body drags down into the No. 2 fault which has been estimated to have a displacement of 400 feet

(or 200-500 feet, C. F. Park). It is not known whether the No. 2 fault is an ore feeder or not. It appears obvious however, that either the Uplift fault or the No. 2 fault, or both, are ore feeders. The proposal of the applicant is based on the gamble that either No. 2 fault is an ore feeder, or No. 2 fault is a post-ore fault that displaced the previously formed ore bed; and that additional replacement ore will be found in the Combined Metals bed northeast of the No. 2 fault.

Considering the production history of the Pioche district and the great width (1 mile ±) of the mineralized belt, I believe it is reasonable that mineralization should extend into this next block in the hanging wall of No. 2 fault. This is also implicit in the recommendation of the field geologists who examined this project for DMA (Park and Tschantz, memo of June 26, 1951). It is also logical to test the new block opposite the richer part of the ore body now being mined out (see letter from Park, July 29, 1952). Thus, there should be no disagreement as to the target area outlined on applicant's map of the proposed exploration. The only question concerns the most practical way to reach this target.

Applicant's proposal is to crosscut 1,600 on the 1,200 level to reach the drilling stations. His shaft has already been sunk to the 1,200 level in anticipation of this work. An advantage of this proposal is that it will put the crosscut probably very close to the Combined Metals bed in the explored block, and possibly even below it with obvious advantages from a development standpoint. The disadvantages are that probably 800 feet of the crosscut will be in quartzite, with consequent high costs, possibly higher than estimated by applicant.

An obvious alternative, first suggested by Park and Tschantz, is that the crosscutting be done from the end of one of the existing drifts on the 900 level. This would shorten the tunneling to perhaps 1,000 feet of crosscutting, all in shale, in order to explore the same ground. The disadvantages would be that any ore found would definitely lie below the level, the drilling would probably be increased by 300 feet on each of the 5 or 6 proposed down holes, and considerable rehabilitation might be necessary to put in order the drift on the 900 level and its outlet shaft (see letter of July 29, 1952, from Park).

Choice between the two proposals would need to balance any difference in cost against the obvious advantages of the lower crosscut in getting the drill sites closer to the target and also as a probable development opening that could be used for a haulageway (which, of course, does not concern DMEA). At the prices set up in the original

proposed contract for crosscutting ($30 per foot) and drilling ($10 per foot), the excess crosscutting at the deeper level would be exactly balanced by the greater cost of drilling 6 down holes at the shallower level. A more realistic revision of these costs in line with A. C. Johnson's memo of July 7, 1952 will favor the higher level crosscut by a few thousand dollars. However, the cost of preparing the shaft for the exploration at the 1,200 level might be less than the cost of repairing the existing workings and exit shaft from the 900 level. We favor the crosscut on the 1,200-foot level for the reason that drill stations will probably be nearer the target area by some 300 feet. If ore is discovered, it might be desirable to drill more holes into it than the 5 or 6 initially proposed, and thus the deeper level crosscut may be cheaper for exploration in the end.

The project is favored by the fact that an experienced mining company is set up and ready to go, with facilities already installed, labor already hired, and comparatively little additional equipment needed.

Edwin T. McKnight

Edwin T. McKnight
Geologist

O. M. Bishop
by H. E. Ohnmf.

O. M. Bishop
Mining Engineer

FILE COPY
SURNAME:

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

U.S. in R. & R.

H. F. Keller, Base Metals Division
Defense Minerals Exploration Adm.
Dept of the Interior

142137, Salaries and
Expenses, Defense Production Activities,
Interior; 52

Dnea 66

JUNE 23, 1952

ELY VALLEY MINES INC.
PIOCHE, NEVADA

YOUR APPLICATION HAS BEEN RETURNED TO THE FIELD TEAM, REGION III FOR ADDITIONAL INFORMATION.

Signed (mef)
H. F. KELLER

BASE METALS DIVISION
J. Walt/mb
cc to: Adm R. File
Docket
Mr. Alt
Mr. Keller
Region III
Chron

STANFORD UNIVERSITY
STANFORD, CALIFORNIA

SCHOOL OF MINERAL SCIENCES
Office of the Dean

29 July 1952

Mr. Edwin T. McKnight, Geologist
U.S. Geological Survey
Washington 25, D.C.

Dear Mac:

Please excuse my delay in answering your earlier letter about the Ely Valley Mine. I delayed until returning home with the thought that I had written a supplementary report on the area. Since I cannot find it, it must be that the letter was the only thing added.

I have agreed with Mr. Janney's request to alter the original program, after going over the map with him and discussing more fully exactly what he had in mind. The best ore at Ely Valley Mine is at the north end, and it was in this area that he hoped to explore. A drift from the 1200 level would be really shorter than to continue the drift from the 9. It would, of course, have the advantage of being 300 feet lower and would probably be considerably closer to the ore.

As to the question of cost, I have a feeling that the 900 workings might still be cheaper for a strictly exploration loan. One difficulty according to Mr. Janney is that they have never been able to obtain good core from diamond drilling. Another problem is that they have leased ground and many of the old stopes have been reworked at least once in the past year. The whole country is caving, and I am not sure that any part of the 900 level is really accessible now. Some of the men were complaining this past summer that mining had been done so close to the shaft pillar that the shaft was beginning to get out of line. I have no definite check on this fact. I do feel that the best means of exploring east of the No. 2 fault is to get a drift as close to the area as possible and try diamond drilling. There is no question but what the best ore, both in grade and volume, lies considerably north of the 900 headings referred to in the original memorandum.

I hope this gives you the information you need. If not, let me know and I will try to write more fully.

Best regards,

Charles F. Park jr.

CFP:rm

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

July 18, 1952

Mr. C. O. Mittendorff,
DMEA - Interior Building
Washington, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
(DMEA)
JUL 21 1952

Docket: DMA 66X

Dear Mr. Mittendorff: -

Our recent telegram asked that you advise when our application DMA 66X contract will reach us. In reply you advised that the papers were being returned for further questions, andit would appear from the question that your files were lacking in U.S. G.S. report on the points in question.

On December 20, 1951, the Executive Officer of Region 3 at San Francisco, wrote to Mr. A. C. Johnson, Bureau of Mines, at Reno, copy of which letter was sent us, as follows: -

> "Park's program was challenged by Mr. Janney, and when Park and Janney again got together shortly before September 1, Mr. Janney convinced Mr. Park that the original program was the right one to follow. On September 1 Mr. Park wrote Edgar Bailey that he (Park) was withdrawing his earlier objections and was recommending approval of the application. Mr. Park's original recommendation was to drive the 900 foot level into solid ground and then diamond drill."

From this it would appear that Mr. Park as of September 1951 had restudied the situation and had abandoned the recommendation you have asked about in the communication which you have just sent in, in reply to my telegram.

Mr. Park was in this office a few days ago and I discussed with him your question, evidently based upon your not having received his report which approved our program. Mr. Park confirmed that his present position is in agreement with our application and not in agreement with the proposal you have made to the San Francisco Regional

Director in your recent letter.

Our application was first filed in November, 1950, and was supplemented in May 1951, when printed forms were furnished, and again supplemented in May 1952, and we would like very much to bring to a conclusion the questions which relate to this application, because during this delay we are forced to run the mine on what is left of the ore bodies developed in 1948-9. This forces us to a limited daily tonnage and an unprofitable operation as the cost of keeping the mine organization together and the mine in operating condition and we would certainly appreciate it very much if you would give a few minutes of your personal attention to this matter to help straighten it out.

With personal regards, I remain,

Very truly yours,

Ely Valley Mines, Inc.,

John Janney

President.

jj/gq.

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

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

July 8, 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, DMEA, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA 66 (Lead, Zinc), Ely Valley Mines, Inc.

Reference is made to subject letter to me, dated June 18, 1952, requesting certain additional information concerning the Ely Valley Mines application for an exploration loan.

Upon receipt of the letter, I got in touch with Mr. A. C. Johnson, Chief, Mining Division, Region III, and conveyed your request to him.

Mr. Johnson now has replied to my memorandum and the original of his memorandum is attached. I believe that Mr. Johnson has answered all the questions that were asked and I trust that sufficient information is now available in the Washington Office to consummate the application of Mr. Janney for an exploration loan.

The copies of the material sent to me with your memorandum of June 18 are being returned herewith.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to E. H. Bailey, USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
P. O. BOX 1551
RENO, NEVADA

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

July 7, 1952

Memorandum

To: Mr. H. C. Miller, Regional Director, Region III

From: Chief, Mining Division, Region III

Subject: Docket DMA-66X, Ely Valley Mines, Inc., John J. Janney, President, Pioche, Nevada (lead-zinc)

This memorandum will endeavor to answer some of the questions that have been raised in Washington by Mr. O. M. Bishop and the Operating Committee of the DMEA.

The Ely Valley Mines was one of the first requests for an exploration loan. The work was detailed fully in the report that was made by Mr. Gentry.

I received a telephone call from Mr. Janney on July 1 relative to his application and he has informed me that most of the information desired has already been furnished the Washington office. The following will answer the Operating Committee's questions, as enumerated by them to you under their letter of June 18:

1. The shaft is located on the Ely Valley claim, a little north of the center of the claim. An extended drift will ultimately explore the adjacent Ely Valley No. 3 claim; both of these are patented claims, Patent No. 3725. These claims are located in the heart of the Ely Valley Mining group.

2. In your letter dated December 20, the following statements are made:

"We find ourselves floundering in a sea of uncertainty concerning subject applicant's request for an exploration loan. The original program, as submitted by the applicant, was not acceptable to DMA as a feasible approach for the exploration of the faulted segments of the favorable ore beds. The total cost of the project was $140,000, and Washington believed the areas could be adequately explored for less than half that amount if the alternative program suggested by C. F. Park, Jr. of the Survey was followed.

"Park's program was challenged by Mr. Janney, and when Park and Janney again got together shortly before September 1, Mr. Janney convinced Mr. Park that the original program was the right one to follow. On September 1 Mr. Park wrote Edgar Bailey that he (Park) was withdrawing his earlier objections and was recommending approval of the application. Mr. Park's original recommendation was to drive the 900 foot level into solid ground and then diamond drill. The ground Mr. Janney wanted to explore required drifting on the 900 foot level as on the 1200 foot level. Diamond drilling would be done on the 1200 foot level and the footage would be much less than that on the 900 foot level."

These two paragraphs should answer the discussion and recommendations to the geologic aspects of the project. I do not have Mr. Park's report, however, I assumed that this had all been discussed with Mr. Bailey and yourself. These statements also answer the questions that have been raised by Mr. Bishop in regard to drilling from the 900 foot level. In all liklihood, Mr. Bishop was unaware that Mr. Park was in agreement with the work that was proposed by Mr. Janney.

3. A breakdown of the costs on a footage basis is enclosed. From the breakdown, you will note that the costs submitted by Mr. Janney on a footage basis for crosscuts, sinking and diamond drilling are reasonable.

4. The construction of a bulkhead in the crosscut at a cost of $3,000 is reasonable. This bulkhead is necessary to protect workmen, equipment, crosscut and shaft, if excessive water conditions are encountered. Water has been encountered in shafts in Nevada and have been expensive. Examples at the present time are the Fad Shaft in Eureka and later the Deep Ruth Shaft at Ely. It is rather difficult to understand why this item is questioned.

5. The 3,200 linear feet of mine rail at a cost of $3,360 has been carried as a supply and included in the cost of drifting.

6. The item starred in Exhibit "C" has been prorated as nearly as possible. The actual proration of the costs will depend on the mining conditions at and during the time of exploration.

7. The truck will be used in disposing the waste rock after it is hoisted from the proposed crosscut and is the only means of transferring waste rock from the bin to the dump. The rate quoted is below the standard rate being paid in this area.

8. The column of water discharge pipe and electric power cables have been eliminated in the cost estimate of rental equipment.

9. The diamond drilling program to be conducted will more or less have to be flexible depending on geologic conditions that might be encountered in driving the crosscut. It may not be necessary to conduct all of the drilling that is outlined in the docket, however, enough drilling should be allowed to cover any contingencies that might be encountered.

10. Exhibit "D". The bookkeeper has been prorated on a 50 percent basis.

This is one of the best proposals for exploration that has been submitted as it has possibilities of opening up new territory from which a large production of zinc could be obtained. It is recommended that the work be approved.

There is also enclosed a copy of a letter from Mr. Janney to me in which he states that unless his application receives prompt attention he will have to disband his mine organization which is one of the best in the State of Nevada. I do not believe that this is an over-statement.

The docket and correspondence relating to it are returned herewith.

A. C. Johnson

A. C. Johnson

Encls.

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED

JUL 8 AM 11:05

SAN FRANCISCO, CALIFORNIA

EXPLORATION COSTS

The costs of exploration are based on current wage rates, supply and equipment costs. An experienced crew of workmen are presently employed. The project will consist of:

1.	Clean out approximately 50 feet of present shaft just above the 1200 foot level. Install shaft timbers and shaft guides, at a cost of $100/per ft.	$5,000
2.	Deepen present shaft an additional 20 feet to provide necessary sump and install necessary timbers at a cost of $100/per ft.	2,000
3.	Construct an ore pocket below the 1200 level to handle rock into skip at a cost of	1,250
		$8,250
4.	Construct water tight bulkhead in crosscut	3,000
		$ 11,250

5. Crosscut from the shaft at the 1200 foot level in a northeasterly direction for a distance of 1600 linear feet. The object of this crosscut is to intersect the No. 2 fault and determine the location of the ore bed in the Pioche shale. Details of the estimated costs are as follows:

Crosscut from shaft to the No. 2 fault, maximum 1,600 feet.
Five day week @ 10 feet per day = 160 days = 6.15 months (est. 7 months)

Wages:	Miners @ $2.2175 per hour	
	Topmen @ $1.91625 " "	
	Hoisting engineers @ $2.10 per hour	
	Averaging 5 ft. per shift	$20.61 per ft. ?
	Superintendent - 1/2 time @ $2.486 per hour	.99 " " - ?
	Bookkeeper - 1/2 time @ $1.917 per hour	.77 " " - ?
	Insurance, Social Security Tax, OAB, etc. @ 14% (?)	3.38 " " (?)
	Powder-fuse-detonators	3.40 " "
	Timber	1.00 " "
	Compressor supplies	.50 " "
	Steel and bits	.53 " "
	Repairs	.25 " "
	Engineering	1.00 " "
	Rentals as below	5.41 " "
		37.84 " "
	Material to be purchased:	
	3,200 linear feet of 30 lb. mine rail @ $3,360	1.05 " "
		38.89 " "

The Operator will furnish all equipment:

	Cost
1 Double drum hoist, motor and cable	$45,000
1 Air compressor	16,500
Drills: 2 drifter drills, mounted on shell	2,500
1 2-drill, drill carriage	1,800
Air and water hose	100
3 Electric transformers	5,000
2 Mine skips (working in counter balance)	2,400
1 Battery type locomotive	4,800
8 Mine cars	2,000
1 Mucking machine	2,800
1 Sump pump	1,500
	$84,400

Monthly rental $\frac{\$84,400}{60}$ = $1,406.66 x 6.15 = $8650.96 = $5.41 per ft.

Total cost of project:

Preparatory work:

20 days	Clean out and repair 50 feet of shaft @ $100/ft.	$5,000
30 "	Deepen shaft additional 20 ft. @ $100/ft.	2,000
10 "	Construct ore pocket	1,250
	Construct water tight bulkhead in crosscut	3,000
	1600 ft. of crosscutting @ $38.89/ft.	62,224
	3000 ft. of diamond drilling @ $8.70/ft.	26,100
		$99,574

Time required - 12 months

Diamond drilling:

1500 linear ft. of up holes @ 20 ft. per shift = 37.5 days = 1.057 months
1500 " " " down " @ 14 ft. " " = 53.6 " = 2.08 "

Contract price @ $6.00 per ft.	$18,000
Mine labor cost @ $2.20 " "	6,600
Supplies 0.50 " "	1,500
	$26,100

C O P Y

ELY VALLEY MINES, INC.
Pioche, Nevada

July 2, 1952

Mr. A. C. Johnson,
Bureau of Mines,
Reno, Nevada

DMA-66X

Dear Mr. Johnson: -

In my phone conversation yesterday I referred to letter dated December 20, 1951, addressed to you from Mr. Miller of the San Francisco office of DMA. I will now quote you from the second paragraph of this letter. -

"Park's program was challenged by Mr. Janney, and when Park and Janney again got together shortly before September 1, Mr. Janney convinced Mr. Park that the original program was the right one to follow. On September 1 Mr. Park wrote Edgar Bailey that he (Park) was withdrawing his earlier objections and was recommending approval of the application. Mr. Park's original recommendation was to drive the 900 foot level into solid ground and then diamondmdrill. The ground Mr. Janney wanted to explore required drifting on the 900 foot level as on the 1200 foot level. Diamond drilling would be done on the 1200 foot level and the footage would be much less than that on the 900 foot level."

What I pointed out to Mr. Parks in our discussion was that the place he proposed to drill from was nearly a quarter of a mile away from the big 50 ft. block of ore thrown down on the No. 2 fault where we wished to find the extension of the ore beyond the fault. Another reason would be that there is a porphyry intrusion which breaks the ground in a way to make diamond drilling at this point practically impossible. We tried to put down three or four holes without success.

On the other hand we drilled fourteen holes without any trouble as deep as we wished to go in the same block of ground on the other side of the fault when we were exploring the present ore body. The holes to be drilled as finally agreed by Mr. Park to be practical would be in the same block of ground as was drilled before, only it would be thrown down on the fault something like 350 ft.

In answer to your other question wherein you ask for a description of the ground: - Shaft is located on the Ely Valley claim a little north of center of claim, and extended drift will ultimately explore the adjoining Ely Valley #3 claim, both of these are patented claims, Patent No. being 3725. These claims are located in the heart of the Ely Valley mining group

Unless this application receives prompt attention we will be forced to disband our mine organization which is one of the best in the State of Nevada, as at present organized.

Sincerely yours,
/s/ John Janney.

SENDER IS AWAITING A SPEEDY

answer

PLEASE GIVE IT TO THE MESSENGER OR TELEPHONE

WESTERN UNION

2477-D (6-48)

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

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1952 JUN 19 PM 8 57

L.LLG332 NL PD=PIOCHE NEV 19=

C O MILLENDORF DMEA INTERIOR BLDG=

WASHDC=

PLEASE ADVISE WHEN OUR APPLICATION DMA662 CONTRACTS WILL REACH US AS WE ARE NOW HOLDING COMPANY MEETINGS HERE AND DESIRE TO INCLUDE THIS MATTER IN OUR PROGRAM=

ELY VALLEY MINES INC.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 20 1952

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

JUN 20 6 58 AM '52
BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.

500

FILE COPY
SURNAME:

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

J. V. A.
H. Miller

JUN 18 1952

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

Re: Docket No. DMA 66
Ely Valley Mines, Inc.
Lead-Zinc

Dear Mr. Miller:

We have received your memorandum of May 20, 1952 and the letters of Mr. John Janney with the Exhibit "A" of the above referenced docket. A review of the material submitted to this office indicates that the following additional information is needed in order to evaluate and process this application for Government exploration assistance.

1. A legal description of the property upon which this proposed work is to be done. The application does not supply such a description.

2. A discussion and recommendation as to the geological aspects of the project.

3. A breakdown of all costs per foot as required under item 23 of Form MF-103 included in; drifting at $30 per foot, diamond drilling at $10 per foot, extending present shaft to provide necessary sump at cost of $100 per foot.

4. Construct water tight bulkhead and door in x-cut, at a cost of $3,000. Is this construction necessary for an exploration project of this size?

5. The material to be purchased, 3200 linear feet of 30 lb. mine rail at a cost of $3,360.00 should be considered as a supply and included in the cost of drifting.

6. The items starred in Exhibit "C" will need clarification as to the number of months they will be used for the project and the amount of depreciation per month. It is stated that these items will be prorated but it will be necessary to have an approximate amount of depreciation, and also the basis of prorating the amount chargeable to exploration.

7. The truck rental is certainly excessive and is questionable as to time required for the project and necessity for a 10-ton truck.

8. In equipment to be rented from Ely Valley Mines, Inc., Exhibit "C", are the items; 1-column of water discharge pipe in shaft, and electric power cables in shaft. These are considered installations and not operating equipment, and should not be included in the cost of the project.

9. From your memorandum: "After the proposed drift on the 1200 foot level has been run, an exploratory diamond drill hole should be extended upward from the drift to intersect the proposed "50 foot bed" if it is above the tunnel level. If the bed is not intersected by this up-hole, a second hole should be drilled downward from the drift. In that way the position of the 50 foot bed could be determined and subsequent holes drilled to it to gain further information concerning its thickness and assay value."

We are of the opinion from the above information that it is the intent of the diamond drilling to locate the 50 foot bed and when located to explore it with 5 additional holes. If it is not located by drilling one upward hole, one downward hole would be drilled and if the 50 foot bed is located, 5 more downward exploratory holes would be drilled. On this basis, the cost for diamond drilling would be considerably decreased and would change the description of proposed work in Stages 3 and 4 of Exhibit "A".

10. Exhibit "D" - Personnel; 1 Bookkeeper @ $400 per month. We presume this salary would be prorated as this certainly would be excessive for a project of this size.

We believe that upon presentation of detailed estimated costs per foot for crosscutting, shaft sinking, shaft rehabilitation, diamond drilling, and other costs for work approved by your office, this project could be given further consideration and perhaps drawn on the short form with participation based on units of work completed. Your comments regarding this suggestion would be appreciated along with any other information that you may think necessary to expedite the drawing up of a contract.

As an alternate proposal for your consideration, we would like to suggest a drilling program from the 900 foot level to locate the "50 foot bed". If the 50 foot bed is located by drilling, then a new level could be driven into this bed from the shaft. As the program is now, there is no way of knowing whether the 1200 foot level would be below, above, or in the 50 foot bed. It appears that it is more advantageous to locate the 50 foot bed by the cheaper and easier method which seems to be by diamond drilling from the 900 foot level.

We are enclosing copies of the material submitted by the Ely Valley Mines, Inc. and copies of their application, Forms MF-100 and MF-103. We are also enclosing a copy of the memorandum from O. M. Bishop, USBM, and Erwin Lyons, USGS, Commodity Specialists for the DMEA.

Sincerely yours,

(signed) FRANK E. JOHNSON
(JWB)
Chairman, Operating Committee

Enclosures

APPROVED:

C. W. Johnson
Member, Bureau of Mines (JWB)

D. M. Lemmon
Member, Geological Survey (JWB)

S.N.
6-18-52

JWAlt/mef
6/16/52
cc to: Adm. R. File
Op. Comm.
Docket File ✓
Mr. McKnight
Mr. Bishop
Mr. Keller
Mr. Alt
Region II

DMA-66X

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

Office of
Executive Officer
DMA Field Team
Region III

1415 Appraisers Bldg.
630 Sansome Street
San Francisco 11, Calif.

June 14, 1951

Memorandum

To: Defense Minerals Administration, Interior Building, Washington, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: DMA-66, Ely Valley Mines, Pioche, Nevada

Mr. Ward Smith, of the Region III DMA Field Team, has transmitted to me copies of a detailed proposal for an exploration loan prepared by Mr. John Janney, of the Ely Valley Mines. Four copies of the proposal are attached herewith.

Mr. Smith has discussed the proposal with Mr. Charles Park, of the Geological Survey, who is presently at work in the Pioche district, and it is Mr. Park's opinion that the proposal should be considered in the light of a critical examination of the geology. Mr. Park is prepared to make this examination shortly after June 20, and I am notifying Mr. Janney to that effect.

H. C. Miller
Executive Officer, DMA Field Team
Region III

Attachment

$1,50,000

Copy to: Ward Smith, Geological Survey

FILE COPY
SURNAME:

J.W.A.
Moulds

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

June 12, 1952

Memorandum

To: Mr. Robert Adams

From: D. E. Moulds

Subject: Ely Valley Mines, Inc. DMA 66

We believe that from the information and application contained in the file, that this application should be changed from the Callahan Zinc Lead Co., as shown on your records, to Ely Valley Mines, Inc.

6/12/52
D E Moulds (mcf)
D. E. Moulds

J. W. Alt/epl
cc to: Docket File
Mr. Moulds
Mr. Alt

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

June 9, 1952

Memorandum

To: J. W. Alt, DMEA

From: O. M. Bishop, USBM and Erwin Lyons, USGS

Subject: Docket No. DMA-66X, Ely Valley Mines, Inc.

We have reviewed the material submitted by the DMEA field team of Region III under date of May 20, 1952 and also the application dated as received June 15, 1951. As a result of our review we find several points which need clarification before we can evaluate the merits of the proposal.

We note the plan is to crosscut northeasterly 1,000 to 1,600 feet to a point approximately 600 feet northeast of No. 2 fault and at that point establish a diamond drill station from which to explore the "50-foot bed" that is extensively mineralized between the uplift fault and No. 2 fault at the 900-foot level, and also an underlying quartzite bed. To do this it is proposed to spend $94,610 as follows:

(a) Cleaning and timbering 50 feet of shaft @ $100 per foot ------	$5,000
(b) Sinking and timbering 20 feet of shaft @ $100 per foot ------	2,000
(c) Ore pocket on 1,200-foot level --	1,250
(d) Drive crosscut 1,000 to 1,600 feet @ $30 per foot ----------	30,000 to 48,000
(e) Diamond drilling 3,000 feet @ $10 per foot ----------	30,000
(f) Ventilation, water-bulkhead, rail-	8,360

1. We note as do you in your memorandum that no geologic justification for the proposal is given other than that of a favorable host rock. We suggest that you ask for a description of the ore body or ore bodies now being mined, together with any information that may exist relative to structural controls. In other words we need to know more about the probable nature and location of the target. Also what evidence is there for mineralization in the quartzite.

2. We note that there is a probability of a large water flow below the 1,200 foot level.

3. Since the crosscut is a costly venture and the position of the "50-foot bed" is not definitely known, why would it not be better exploration practice to extend the 900-foot level to the northeast for a reasonable distance and then cut a diamond-drill station from which to explore for mineralization. Such a program appears to offer the same exploration possibilities with regard to the "50-foot bed" at a much lesser cost. This is essentially the program C. F. Park, Jr. and Charles M. Tschanz of the U. S. G. S. suggested in a memorandum to A. L. Brokaw on June 26, 1951. We note that H. C. Miller on May 20, 1952 says Mr. Park thinks there is small chance for mineralization in the quartzite. If that is so we see no reason to drive 1,200 to 1,600 feet of crosscut through it. It might be mentioned here that $30 per foot is probably an over-conservative figure for crosscut costs and that 6,000 feet of diamond drilling in the normal shale should cost considerably less than $10 a foot.

C. M. Bishop

C. M. Bishop

E. J. Lyons

E. J. Lyons

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

Office of
Executive Officer
DMEA Field Team
Region III

1012 Flood Building
870 Market Street
San Francisco 2, Calif.

May 20, 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 26 1952

Memorandum

To: Frank E. Johnson, Chairman, Operating Committee, Defense Minerals Exploration Administration, Washington, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-66X, Ely Valley Mines, Inc., Pioche, Nevada

Reference is made to your subject letter to me dated December 17, 1951. Finally, after all these months, an engineer from our Reno Office was able to have a conference with Mr. John Janney, President, and Mr. Richard Baker, Vice-President, Ely Valley Mines, Inc., Pioche, Nevada, at which time Exhibits A-E of a proposed exploration program were worked out between them. Attached are four sets of material consisting of the following:

Letter from John Janney to H. C. Miller, dated May 6, 1952
Letter from John Janney to H. C. Miller, dated May 5, 1952
Carbon copy of letter from John Janney to A. C. Johnson, dated May 5, 1952
Carbon copy of letter from John Janney to Tom Lyon, dated May 5, 1952
Exhibits A-E, outlining proposed exploration program and costs thereof
Geologic sketch showing proposed work
Copy of memorandum from Glenn G. Gentry to A. C. Johnson, dated May 7, 1952

Since the arrival of the above-cited material in this office, Mr. Edgar H. Bailey of the Geological Survey has had a further conference with Mr. C. F. Park, Jr., regarding the suggested exploration program. Mr. Park is of the opinion that the exploration should be carried out in stages. After the proposed drift on the 1200 foot level has been run, an exploratory diamond drill hole should be extended upward from the drift to intersect the proposed "50 foot bed" if it is above the tunnel level. If the bed is not intersected by this up-hole, a second hole should be drilled downward from the drift. In that way the position of the 50 foot bed could be determined and subsequent holes drilled to it to gain further information concerning its thickness and assay value.

Mr. Park informed Mr. Bailey that Mr. Janney has some peculiar ideas of possible mineralization in the quartzite below the Pioche shale. Mr. Park does not think much of it but because there is some question about possible mineralization of the quartzite, he believes it worthwhile testing it under the proposed program.

Mr. A. C. Johnson, Chief, Mining Division, Region III, Bureau of Mines, has the following comment to make concerning the proposed exploration program at the Ely Valley Mines which is quoted in full from a recent memorandum received from him:

> "The Ely Valley Mines, Inc. has been one of the principal producers of zinc in the Pioche district. The exploration work that has been outlined is logical and I concur with the recommendations of the inspecting engineer that this project should be given early consideration for an exploration loan. They are at the present time mining approximately 250 tons of zinc ore a day, however, their reserves are limited and the exploratory work should be started as soon as possible while Mr. Janney still has a mine crew and an organization together".

Subject docket is being returned herewith.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to E. H. Bailey, USGS

A. C. Johnson, Chief, Mining Div., Reg. III May 7, 1952

Glenn G. Gentry, Mining Engineer, Bureau of Mines, Reg. III

Docket DMA-66X - Ely Valley Mines, Inc., Pioche, Nev.

Pursuant to your instructions relative to the above application, an inspection of the facilities and equipment to be used in the proposed exploration program was made by an engineer[1] of the U.S. Bureau of Mines, Region III, on May 3-4 and 6, 1952.

Several conferences were held between the engineer of the Bureau of Mines and Mr. John Janney, President and Mr. Richard Baker, Vice President, of the Ely Valley Mines, Inc., for the purpose of detailing the scope of the applicants proposed exploration program and the use and rental cost of the necessary equipment.

As a result of these conferences, the various schedules have been prepared and are attached hereto.

The machinery and all facilities to be used in the proposed exploration program are presently in use and are in good condition. The personnel presently employed at the mine is adequate to carry out the proposed work.

Due to the possibility of making a new and significant mineral discovery in this mine and one which could result in the increased production of lead and zinc ores in this district, the proposed exploration is recommended for favorable consideration.

Glenn G. Gentry

Glenn G. Gentry

1/ Glenn G. Gentry.

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

May 5, 1952

Mr. H. C. Miller,
Executive Officer,
DMA Field Team, Region III
1012 Flood Bldg.,
870 Market Street,
San Francisco 2, Calif.

Dear Mr. Miller: -

We have just had the pleasure of a conference with the representative of the Reno office of the Bureau of Mines, and appreciate very much your having arranged this conference.

I feel sure that everything has been now clarified and it was certainly very helpful having this assistance. We will now proceed to fill out the forms for the contract, or in the absence of forms we will attach the Exhibits, as you suggested in your letter of August 10, 1951. It would be very helpful if we could have the action on this facilitated so we can start to work at once on this exploration project.

We have been going for a long time on the remnant of the block of ore developed in 1948. We have stretched this over to this time by limiting the production to around 250 tons per day, which is hardly more than enough to enable us to keep up operating expenses with the proceeds of the ore. However, it has served the purpose of keeping our organization together and keeping the mine in good shape.

We have recently spent about $60,000 in shaft maintenance repair and betterment. The 800 level of the shaft now rests on concrete which goes down to the quartzite formation, and we have put in steel I beams based on concrete to hold the shaft at the half way point, so that the fact that the 600 ft. of shaft passes through shale is no longer a source of trouble or annoyance, and lends itself to the exploration project we now have to start in an unusually first class way.

Sincerely yours,

John Janney

jj/gq.

ELY VALLEY MINES, INC.

PIOCHE, NEVADA

May 6, 1952

Mr. H. C. Miller,
Executive Officer,
DMA Field Team, Region III
1012 Flood Bldg.,
870 Market Street
San Francisco 2, Calif.

Docket No. DMA-66

Dear Mr. Miller: -

Reference is had to my letter of May 5th.

In order to expedite the processing of our application for Government assistance under our application DMA-66, I wish to advise you that Ely Valley Mines, Inc. are agreeable to entering into a contract based upon and substantially the same as outlined in attached exhibits A, B, C, and D, which itemize the costs of the various stages of the proposed exploration program, and you are authorized to prepare a contract incorporating these provisions.

Very truly yours,

Ely Valley Mines, Inc.,

John Janney

President.

May 5, 1952

Mr. A. C. Johnson,
Bureau of Mines
Reno, Nevada

Dear Mr. Johnson: -

Mr. Gentry, from your office, has been going over with us the requirements in reference to the Exploration Project DMA-66, and has rendered us valuable assistance in complying with formalities required, and is in line with Mr. Tom Lyon's suggestions contained in his letter of July 13, 1951.

I wish to express our appreciation of your cooperation and assistance in this matter, and I am preparing the forms as suggested by Mr. Gentry, which I understand you will forward to Mr. Miller in San Francisco.

In this connection I wish to advise you that the Ely Valley Mine is financially able to contribute each month the amount that will be called for under this Contract, which we estimate will be in the amount of $2,500.00 per month.

We trust this record is now in satisfactory shape. We are ready to start immediately with this work, and anything that can be done to facilitate hastening the action of the Washington office will be very greatly appreciated.

With kindest regards,

Very truly yours,

John Janney

jj/gq.

May 5, 1952

U. S. Department of the Interior
Defense Minerals Administration
Washington 25, D. C.

Attn. Mr. Tom Lyon, Director
Supply Division

Dear Mr. Lyon: -

In reverting to your letter of July 15, 1951, I wish to advise that we have just had the pleasure of a visit from the representative of the Bureau of Mines headquarters at Reno, Nevada, who has gone over this matter with us at the request of Mr. H. C. Miller of San Francisco.

As the result we believe these problems, which in your letter you say can best be resolved on the ground by a conference, have been resolved very satisfactorily and I am completing the forms and shall send them to Mr. Miller's office and no doubt in due course they will be forwarded to your department.

Thanking you for your attention in this matter, and appreciating your having arranged this interview,

Very truly yours,

Fly Valley Mines, Inc.,

John Janney

President.

jj/gq.

ELY VALLEY MINES, INC.

Docket No. DMA-66

3. Exploration Project.

Exhibit A.

Proposed Project:

Extend the X-cut from the 1200 ft. level of the No. 2 shaft, in a general northeasterly direction, for a distance of 1600 Linear feet.

Prospect by means of diamond drilling, from a favorable location, both above and below the proposed X-cut. This diamond drilling to consist of 12 d.d. holes (6 holes upward and 6 holes downward) each hole estimated @ 250 Linear feet, a total of 3000 ft.

The project is to be divided into four stages of work as follows:

Stage No. 1

Extend the X-cut a distance of 1000 Linear feet from the shaft to No. 2 Fault
At a Cost of $30.00 per ft. $30,000.00

Stage No. 2

If no significant mineralization is encountered at the end of Stage No. 1, then the X-cut is to be extended a distance of 600 Linear feet
At a Cost of $30.00 per ft. $18,000.00

Stage No. 3

6 diamond drill holes @ 250 ft. each, (totaling 1500 ft.) are to be drilled upward from the most favorable locations encountered in Stage No. 2
1500 ft. @ $10.00 per ft. $15,000.00

Stage No. 4

6 diamond drill holes @ 250 ft. each (totaling 1500 ft.) are to be drilled downward from the most favorable locations encountered in Stage No. 2
1500 ft. @ $10.00 per ft. $15,000.00

$78,000.00

Preparatory work, prior to starting Stage No. 1 will consist of:	
Deepen present shaft 20 ft. to provide necessary sump at cost of $100.00 per ft.	$ 2,000.00
Clean out approximately 50 ft. of present shaft just above the 1200 ft. level, install timber and shaft guides at an estimated cost of	$ 5,000.00 ?
Construct an ore pocket below the 1200 level to handle rock into the skip, at an estimated cost of	$ 1,250.00
	$ 8,250.00

Installations: -

Ventilation -

Install Exhaust fan at portal of X-cut and a total of 1600 Linear feet of 10" diam. galv. pipe, at a cost of	$ 2,000.00
Construct water tight bulkhead and door in the X-cut, at a cost of	$ 3,000.00
	$ 5,000.00

Material to be purchased: -

3200 Linear ft. of 30 lb. Mine rail, at a cost of	$ 3,360.00 ?
Grand Total	$94,610.00

5. Fixtures and Improvements. Docket No. DMA-66

Exhibit B.

No additional fixtures or buildings are required for the project.

6. Operatin g Equipment.

Exhibit C.

Equipment to be rented from
Ely Valley Mines, Inc. : -

* 1 - double drum Hoist, with 1-1/8" steel cable, powered by 300 HP electric motor, at a cost of	$750.00 per month		(Cost $45,000.00) ?
* 1 - IR Air Compressor, 1700 cu. ft. capacity, powered by 200 HP electric motor, at a cost of	258.33	"	(Cost $16,500.00) ?
* 3 - Westinghouse Electric Co. transformers, 150 KVA - 23000 V/ 2300 V/ 440 V at a cost of	83.33	"	(Cost $ 5,000.00) ?
* 2 - Mine skips, iron body, capacity 4½ tons each, at a cost of	40.00	"	(Cost $ 2,400.00) ?
1 - Titan Mancha, Battery type Locomotive, at a cost of	80.00	"	(Cost $ 4,800.00)
8 Mine Cars - Capacity 2½ tons each iron body - side dump, 24" track ga. at a cost of	33.33	"	(Cost $ 2,000.00) ?
1 - EIMCO, Model 112 B, Mucking Machine, at a cost of	46.66	"	(Cost $ 2,800.00)
2 - Drifter drills, IR Co., 4" - 1¼" chuck, wet head, Mounted on shell, at a cost of	41.66	"	(Cost $ 2,500.00)
1 - 2 drill, drill carriage	30.00	"	(Cost $ 1,800.00)
Air and water hose	1.66	"	(Cost $ 100.00)

1 - Pomona Sump Pump, capacity 200 GPM, powered by 30 HP electric motor at a cost of	$25.00 per month		(Cost $ 1,500.00) ?
* 1 - Column of water discharge pipe in shaft, diam. 6" Length 1200 ft. at a cost of	$80.00	"	(Cost $ 4,800.00) ?
* Electric power cables in shaft: 1070 ft. at a cost of	$62.77	"	(Cost $3.52 per ft.) ? ($ 3,766.40)
1 - Diamond drill and 250' of Drill rods, Sullivan, Model 12, 3½" - AX Bit, at a cost of	$41.66	"	(Cost $ 2,500.00)
	$1574.40	"	
Truck Rental -			
1 - 10 Ton Truck, dump body, with driver and full maintenance at a cost of $6.00 per hr. and maximum use of 5 hrs. daily, at a cost of	$ 780.00	" ?	
	$ 2,354.40	"	

* Monthly rental charge to be pro rated between Company operation and proposed project, by the amount or time used in each operation.

8. Labor and Supervision. Docket No. DMA-66

Exhibit D.

Personnel -

(2 shifts)

1 - Mine Supt.	$517.00 per month, to be pro rated	
2 - Topmen	$ 15.33	each
2 - Hoist Engrs.	$ 16.80	each
8 - Miners	$ 17.74	each
13		
1 Bookkeeper	$400.00 per month	
14		

9. Rehabilitation and repairs.

Exhibit E.

List of existing facilities, buildings, etc. furnished by applicant without allowance for rental, depreciation or other costs.

2 compartment and manway shaft, fully timbered in good condition Depth 1200 ft.

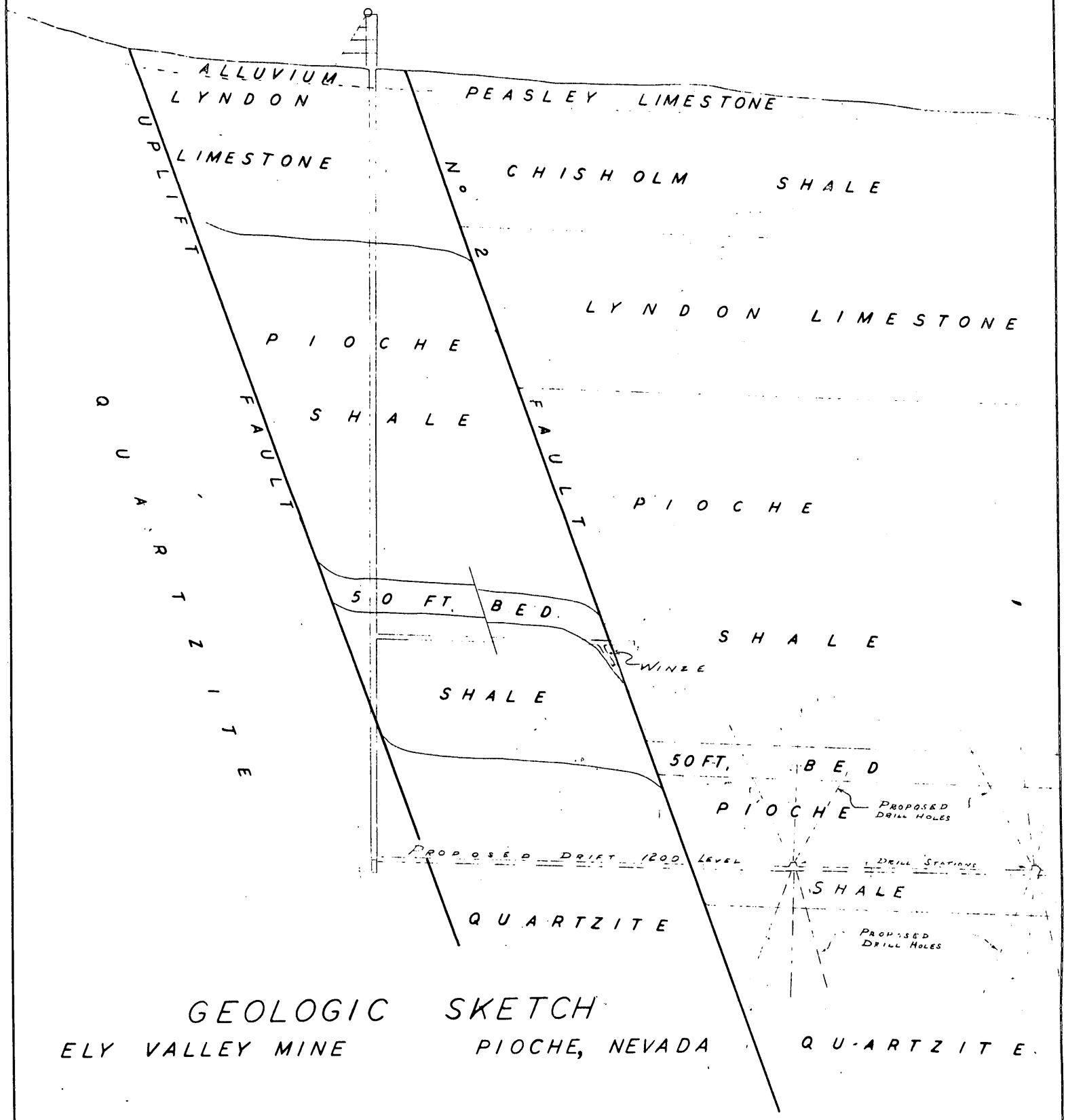
90 foot steel headframe, and steel bins.

Blacksmith shop, Compressor buildings, Hoist room, change room, Engineers' office, Superintendent's office, warehouse, Framing shop for timbers, Machine Shop and Garage.
NO REPAIRS ARE NEEDED FOR USEFUL AND OPERABLE CONDITION.

11. Participation by Government.

Costs: -

Total Cost of Project		$94,610.00
Govt. Participation	$47,305.00	
Ely Valley Mines, Inc.	47,305.00	
	$94,610.00	
Monthly Costs @ 19 months	$ 4,979.47	
Govt. Participation	$2,489.74	
Ely Valley Mines, Inc.	$2,489.74	



GEOLOGIC SKETCH

ELY VALLEY MINE PIOCHE, NEVADA

C O P Y

OFFICE MEMORANDUM - UNITED STATES GOVERNMENT

To: A. L. Brokaw Date: June 26, 1951

From: C. F. Park, jr. and Charles M. Tschanz.

Subject: DMA loan application from Ely Valley mine, Pioche, Nevada.

The general mine layout is shown on the accompanying plan, scale 1 inch equals 100 feet. The ground which it is proposed to develop lies to the north of the present workings and north of No. 2 fault. This proposal has merit and the ground is worthy of exploration. Judging from the surface and underground geology the bed most favorable for development (the Combined Metals limestone horizon) lies below the 900 level. It is impossible to tell exactly where in the section the 900 level is, hence the depth to the favorable bed is not known precisely. It is probably between 200 and 500 feet.

The two north headings on the 900 level, shown in green on the map. could be cleaned out and extended northward for 400 feet or more if necessary. The easternmost of these two northern 900 level headings is caved at the No. 2 fault, but could easily be opened. The westernmost heading is open. Diamond drilling from the extended 900 level would show the presence or absence of ore in the favorable bed below, and would cost much leas than sinking the shaft 60 feet, cross cutting a long ways, and then drilling. Surface geology indicates that the No. 2 fault may not be as well defined as the map indicates. It is a fault zone, and the northern edge of the faulting is not known definitely. The beds may be stepped down to the NE at short intervals for several hundred feet, to the floor of the valley. Should drilling from the 900 level show favorable mineralization, the shaft could be properly deepened and development done.

Several items concerning the operation of this mine should be noted. No downward drilling has been done from the 900 level north except one 60 foot hole. The ground is somewhat broken, but a fair core recovery should be possible. The Company has drilling equipment, but has not hired a qualified drill runner for years. A good diamond drill crew should be hired.

The Company has a very great deal of equipment and materials lying around rusting. Such things as 50 pound rails, water and air pipes should not be furnished until such materials have been pulled from abandoned workings and used.

Water level in the area lies close to 1200 feet, and below this level very large quantities of water may be encountered. This factor should be considered in any deep development proposal.

Much past exploration has been done without geological guidance, and is pointless. The present engineer, Mr. Condie, seems to be a capable man, but has no say as to Company policy. Some means should be devised to assure the Government that any moneys appropriated are spent for a carefully stated objective.

Several proposals for additional development have been suggested, for instance a 1000 foot level shown on the plan. These proposals have less merit than the first one suggested. In the case of the 1000 foot level, diamond drilling from the 900 level extended would show the character of the beds and would be much cheaper.

A great deal of money has been spent driving drifts and crosscuts in quartzite, looking for fissures. Such fissures are known in the district, but none have been productive in the Ely Valley mine area. No special search for such fissures is recommended.

We expect to be in the Pioche area until about September 1, and will be glad to answer questions concerning this recommendation.

/s/ Charles F. Park, jr.

/s/ Charles M. Tschanz

REGIONAL DIRECTOR

~~LANDON F. STROBEL~~ Herres

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 11 1951
LANDON F. STROBEL
Executive Secretary

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1415 U. S. APPRAISERS BLDG.,
630 SANSOME STREET,
SAN FRANCISCO 11, CALIF.

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.
APR 11 9 01 AM '51

April 6, 1951

Memorandum

To: Otto Herres, Chief, Lead-Zinc Branch, Supply Division, Defense Minerals Administration, Washington, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Docket DMA-66--Ely Valley Mine, Pioche, Nevada

Reference is to your memorandum to me dated February 21, suggesting that the subject application now should be considered in the field under the exploration program involving matching of funds.

Mr. Ward Smith, Geological Survey representative on Region III Field Team, discussed the Ely Valley application with Mr. R. F. Mahoney, of Callahan Zinc-Lead Company. Mr. Mahoney helped to prepare Mr. Janney's application, so is entirely familiar with the program proposed for exploring the Ely Valley Mine. As Mr. Mahoney was to visit the mine at an early date, he and Mr. Smith arranged that he (Mr. Mahoney) would discuss exploration loans with Mr. Janney and point out to him how his proposed loan fits the pattern of exploration loans rather than an expansion of production loan. A copy of the memorandum to me from Mr. Smith, dated March 29, outlining his discussion with Mr. Mahoney is attached.

Attached also is a copy of a letter, dated March 30, from Mr. Janney to Mr. Ward Smith, giving additional information on the work proposed to be done at Ely Valley under am exploration grant. There is attached also a copy of my letter of April 6 to Mr. Janney, thanking him for the additional information and informing him that regulations and application blanks for exploration loans would be sent to him as soon as we receive our supply.

It seems to us now that no further action on our part should be taken until Mr. Janney submits his new application to you in Washington and you in turn advise us of the next step we are to take.

H. C. Miller
Executive Officer, DMA Field Team,
Region III

Attachments 3
Copy to: Ward Smith, Geological Survey

APR 11 1951

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

102 Old Mint Building
San Francisco 3, California

DEPARTMENT OF INTERIOR
BUREAU OF MINES
REGION III
RECEIVED
MAR 29 1951
SAN FRANCISCO, CALIFORNIA

March 29, 1951

Memorandum

To: H. C. Miller, U. S. Bureau of Mines

From: Ward C. Smith

Subject: Docket DMA-66, Ely Valley Mines, Pioche, Nevada

This is to report further discussion with Mr. R. F. Mahoney of Callahan Zinc-Lead Company, of the loan proposed by Mr. Janney, in the amount of $134,000, for the purpose of underground work and diamond drilling. Mr. Mahoney helped prepare Mr. Janney's proposal, and is familiar with the property.

Mr. Mahoney will be at the mine April 1 and 2, and will discuss with Mr. Janney the suggestion, sent us in a Washington memorandum, that the proposed loan fits the pattern of the exploration loans announced February, and cannot be classed as a production loan.

For the record, I review additional items in Mr. Mahoney's analysis of the situation at the mine: The mine is in a block of the Pioche series which includes the Combined Metals ore bed. The block lies between two northwest-trending faults; southwest of the mine the country rock is quartzite, considered to be barren. To the northeast (beyond the No. 2 fault) there is a second block believed to consist of the Pioche series because of surface exposures, notably the Highland limestone. The block northeast of the fault has not been prospected, either by surface drilling or underground, but the established sequence of beds for the district indicates that the Combined Metals bed in this block would lie 1,500 to 1,700 feet below the surface.

Mr. Janney presumably will consider the possibility of applying under provisions of the DMA exploration program, and write to DMA. I asked Mr. Mahoney to convey the report that action on his previous application for a loan under the production program was deferred, pending further word from Mr. Janney.

WS

Ward Smith

REGIONAL DIRECTOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
1415 U. S. APPRAISERS BLDG.,
630 SANSOME STREET,
SAN FRANCISCO 11, CALIF.

April 6, 1951

Mr. John Janney,
President & General Manager
Ely Valley Mine
Pioche, Nevada

Dear Mr. Janney:

Mr. Ward Smith, of the U. S. Geological Survey, has given me your letter to him, dated March 30, by means of which you have given us considerable additional data on the Ely Valley Mine. We thank you sincerely for this additional information which will be very helpful to the Washington Office of the Defense Minerals Administration when they give consideration to your application for an exploration loan for diamond drilling or other means of exploring your property for additional ore reserves.

We are expecting our supply of regulations and application forms for exploration loans any day. As soon as they are received, copies will be sent to you for submittal to the Defense Minerals Administration in Washington.

Sincerely yours,

H. C. Miller
Regional Director, Region III

Copy to: Otto Herres, Lead-Zinc Branch, DMA, Washington
Ward Smith, Geological Survey

C O P Y

ELY VALLEY MINE

Pioche, Nevada

March 30, 1951

Mr. Ward Smith
Regional Director
U. S. Geological Survey
San Francisco, California.

Dear Mr. Smith:

With reference to Ely Valley application for exploration project aid, we are advised that you would like to have further information.

The Ely Valley Mine was opened up in 1942 at the suggestion of the head of the Lead-Zinc Division of the War Production Board, but the price control limitations were figured down to a point under the bonus plan that developments to keep ahead with ore reserves were not adequately financed from operating returns. It became necessary due to this deficiency that $500,000 of cash capital had to be contributed by the owners of the property.

This capital contribution has never been returned in whole or in part and there has been no distribution of profits from Ely Valley operations, although for the war effort 54,000,000 pounds of zinc with some lead and copper were produced from this property.

Fifty million pounds of zinc have been produced since the war period from this same ore body but the production was made during a period of low metal prices and at an operating loss. However, it served the purpose of keeping the organization together and keeping

the mine in condition. This was estimated to be the cheapest way to keep the mine from such deterioration as would make it inadvisable to reopen the mine.

Ely Valley production has averaged 8 to 10% zinc, and has been taken from an ore body 30 to 50 feet in thickness, stretching for 1400 ft. laterally in a northwesterly-southeasterly direction until on its dip to the southeast it now dips below the present lowest workings of the mine. It extends three to four hundred feet in the north-south direction between the major uplift fault over to the No. 2 fault to the northeast, where the full thickness of the bed is being dislocated, stepped down and dragged down into the fault. We find in places 20 to 30 feet of ore ground up and dragged down into No. 2 fault of the same average grade as the rest of the ore body.

The dislocation of the ore body on this fault is estimated for 400 feet. The data for this estimate is furnished by the surface geological croppings on the northeast side of the fault. This is in a general way illustrated by the enclosed geological cross section sketch.

In our exploration project it is proposed to run a drift on the 1200 level of the shaft in a northeasterly direction, perpendicular to the direction of the No. 2 fault.

After this drift crosses the fault and gets well into the Pioche shale column it is proposed that error in our estimate of the throw of the fault can be determined by diamond drilling up or down as may be required.

This plan has been discussed with Mr. A. C. Johnson of the Bureau of Mines at Reno, and he has expressed his opinion that this is a most practical method for the development of the lower extensions of the ore body opened on the upper levels.

This project has already been approved under the former plan of the government and the shaft was extended down 200 feet as a part of this formerly approved program, and the drift on the 1200 foot level was advanced something like 40 feet when the time limit for the government program expired which stopped the work at that point.

What we are asking is for the continuation and extension of this same project formerly approved by the government. At that time a sketch which the U. S. Geological Survey kindly gave us was sent in and is no doubt a part of the records of the department which approved this exploration plan.

This record would probably disclose the U. S. G. S. and Bureau of Mines were in accord with our application as to the advisability of this exploration. It would seem that this would be an ideal project for future development and exploration because the entire Combined Metals Lead-Zinc bed has been replaced from top to bottom with an average grade of 8 to 10% zinc, besides some lead and copper, (which lead and copper values are increasing with depth) cut off by a fault which clearly has dislocated the ore body in its movement, combined with the fact that the Ely Valley operation is one of the largest ton per man operations of its kind in the West, with a production of ten to twelve tons per man shift engaged in extraction of ore, or six tons per man shift including surface crews.

Equipment of the Ely Valley Mine rates it as one of the best equipped mines in the West of this type. Subject to replacements the equipment is now adequate for production of 600 to 800 tons per day if operating at three shifts. In fact the facilities for handling ore might be quickly built up to meet requirements for 1000 tons per day production.

The Ely Valley Mine is not financially able to carry on this development in spite of the fact that all of its profits and past operations have been conserved and have been used to carry through the period of high labor and depressed metals, and to complete the necessary developments to keep the mine going during this period wherein 70% of metal mines were forced to shut down.

The reason why it would appear that the Ely Valley Mine has suffered from price control limitations can be explained by the fact that information was conveyed to price control agencies that the Ely Valley had not built a shaft as was recommended, whereas the shaft had been completed at the time and if this information had been made known to the Ely Valley Company it could have been corrected sooner.

An application was put in for proper revision, but could not be carried back beyond the date of the application. Mr. George Soule who has been an assistant to one of the Committees of Congress is familiar with the circumstances and can give you full information.

At the time of the examination of this property by the representatives of the Interior Department for the purpose of appraising the advisability of this exploration project, we would like to have the

privilege of bringing to the notice of the engineers making this examination the advisability of certain other exploration and development programs. If found advisable as aid to the Government plans, we would like to add to our request for aid to cover such additional projects.

We would urge that the Ely Valley be placed on a special list to speed up the formalities that are required here. This is needed because of the fact that the present available ore is being rapidly exhausted and the time is limited within which we must provide additional ore bodies if the mine is to be kept in production during the time this exploration work is being carried on.

I trust this additional information will be of value as in line with your wish expressed to Mr. Mahoney of San Francisco for additional information.

Awaiting your pleasure with reference to any further information you may desire, we beg to remain

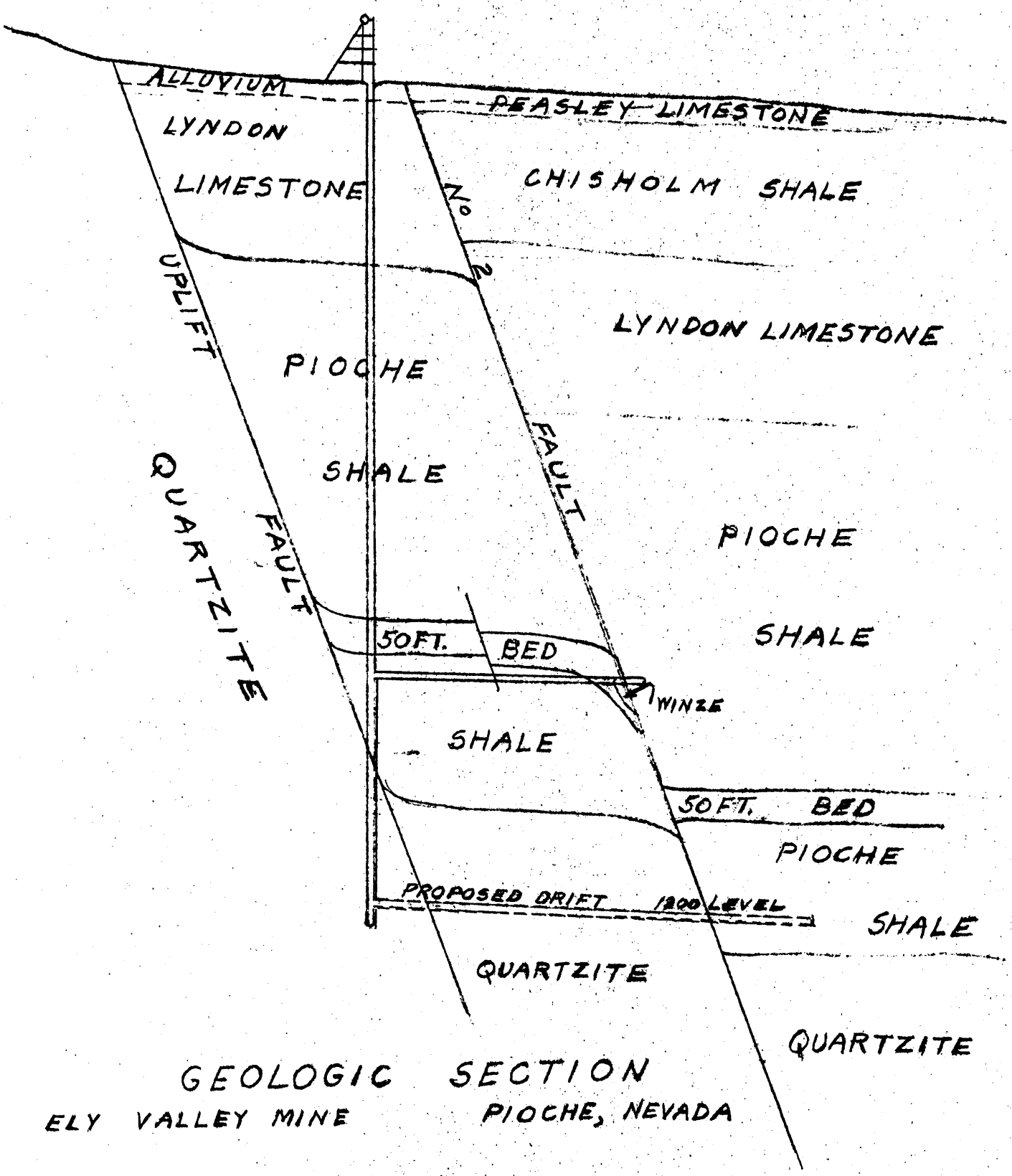
Very truly yours,

Ely Valley Mines, Inc.

by (s) John Janney

John Janney
President & General Manager

jj/gq



GEOLOGIC SECTION

ELY VALLEY MINE PIOCHE, NEVADA

500
FILE COPY
SURNAME:

Moulds

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

DEC 17 1951

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

Callahan Zinc Lead Co. Inc.

Re: Docket DMA-66X Ely Valley Mines
Pioche, Nevada

Dear Mr. Miller:

With reference to your memorandum of December 5, 1951 concerning the subject docket, the latest information in the files here and USGS office indicates that the docket was sent to your Region Office the fore-part of July at the request of Mr. E. H. Bailey. We also have a copy of a letter to you dated July 13th signed by Tom Lyon, Chairman of the Coordinating Committee requesting certain information be secured from, or clarified by, the applicant. This letter also recommends discussion of alternative program, suggested by C. F. Park, Jr., with the applicant.

It appears from the above information that the applicant should be contacted by your office in regard to the requested information and suggested alternative program. Until this information and an acceptable program is received by this office, a contract cannot be processed. The docket sent at Mr. Bailey's request will have to be returned with the foregoing data.

Sincerely yours,

signed

12/17

Chairman, Operating Committee
Defense Minerals Exploration
Administration
GCDEMoulds/hmj

cc to: Adm. Reading Files
Mails and Files
Mr. Mittendorf
Mr. Moulds
Mr. Mote
Mr. McKnight
Region III
Docket

APPROVED:

Member, Bureau of Mines.

Member, Geological Survey.

OFFICE OF THE ADMINISTRATOR

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

DEPARTMENT OF THE INTERIOR
RECEIVED
DEC 7 1951
Defense Minerals Administration,
Production Expansion Division

10th floor Building
870 Market Street
San Francisco 2, Cal.

Office of
Executive Officer
DMEA Field Team
Region III

Air Mail

December 5, 1951

Memorandum

To: Defense Minerals Exploration Administration, Interior Building, Washington 25, D. C.

From: Executive Officer, DMEA Field Team, Region III

Subject: Docket DMA-66X - Ely Valley Mines, Inc., John J. Janney, President, Pioche, Nevada (Lead - Zinc)

Region III Field Team is a bit confused as to where it stands in regard to subject exploration loan application. Accordingly, I wrote to Mr. Janney on November 29, asking him if he was still considering an exploration loan, or if his plans had changed and he was no longer interested in applying for financial aid from the Government.

I now have a reply, dated December 3, from Mr. Janney which indicates that he is still interested in obtaining a loan and that he has been expecting to hear from me concerning it. A copy of Mr. Janney's letter is attached.

It will be appreciated if the Washington Office will review the subject docket file and let me know whether we are to make the next move or if the Washington Office has taken the initiative. If it is up to us to take the next step, I'll appreciate a more definite statement of what that move should be than I seem to get from the correspondents in our file.

H. C. Miller
Executive Officer
DMEA Field Team, Region III

Attachments

Copy to Edgar H. Bailey, USGS

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
DEC 7 1951

Letter and gd F.T. Report

C
O
P
Y

ELY VALLEY MINES, INC.
Pioche, Nevada

December 3, 1951

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

Dear Mr. Miller:

This will acknowledge receipt of your letter of November 29th. We have been hoping and expecting to hear from you about this exploration project. We feel that it is almost an accepted engineering opinion that this is one of the best lead-zinc exploration projects available to the government.

With reference to the August 10th letter, copy enclosed in your letter, since writing that letter Mr. Chas. Park, Jr. re-examined our proposal and told me he was going to make recommendations cancelling his previous review and approving our project as it is set up in our application. We pointed out to Mr. Park the matters he had not taken into consideration which was the basis for his change of opinion.

Naturally we have been expecting to hear from you since Mr. Park's supplement to his report, which he told us last summer he was going to make after going into the matter quite thoroughly here.

I am now referring to a letter dated July 15, 1951, from Mr. Tom Lyon, Director, Defense Mineral Administration, Washington, D. C. This letter gives me to believe that it is Mr. Lyon's opinion that "these problems connected with this application can best be resolved on the ground by a conference between you and Defense Mineral Administraters Field representative".

We have about $800,000 worth of equipment here to apply to this project, and I highly approve of Mr. Lyon's idea that this must be examined on the ground in order to determine the application of this equipment to this project.

Our point is that we have a fully equipped mine with a 1200' shaft in first class condition, electric transformer station, three compressors, hoist, headframe, cables, bins, etc., and inasmuch as the law gives the leaway to consider equipment furnished, and inasmuch as our position is as stated in our application, we would like a representative on the ground to do as far as possible in allowing credit on this equipment so as to make it possible to open up the lower extension of this very large ore body, which clearly has been thrown down on a fault and can be explored economically under the plan we proposed.

Thanking you for your letters and interest in this matter,

Very truly yours,

Ely Valley Mines, Inc.,

(s) John J. Janney

President

jj/gq.

U. S. Geological Survey
SEP 11 1951
Geological Survey
San Francisco, Calif.

(in file 9-18-51)

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~BUREAU OF MINES~~
REGION III

DEFENSE MINERALS ADMINISTRATION

OFFICE OF
~~REGIONAL DIRECTOR~~
Executive Officer
DMA Field Team
Region III

1012 FLOOD BUILDING
870 MARKET STREET
SAN FRANCISCO 2, CALIFORNIA

September 10, 1951

Memorandum

To: Tom Lyon, Chairman, Coordinating Committee, Defense Minerals Administration, Washington 25, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Docket DMA-66X - Ely Valley Mines, Inc., John J. Janney, President, Pioche, Nevada -- Lead-Zinc.

On July 13 you requested additional data from subject applicant and requested him to contact Mr. Charles Park, Jr. of the U. S. Geological Survey.

Mr. Park and Mr. Janney have now discussed the loan application, and presently Mr. Park has been convinced by Mr. Janney of the value of the application.

Attached are two copies of a letter from Mr. Park to Mr. Edgar Bailey of the Geological Survey dated September 1, 1951, in which he recommends driving the 900 foot level at the Ely Valley Mine into solid ground and then diamond drilling.

H. C. Miller
Executive Officer
DMA Field Team, Region III

Attachments

Copy to: E. H. Bailey, USGS

SEP 18 1951

C
O
P
Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

September 1, 1951

Mr. Edgar Bailey
Old Mint Building
San Francisco, California

Dear Ed:

Mr. John Janney, Manager of the Ely Valley Mines and I finally got together to discuss his DMA application, and he has convinced me of the value of the application. I wish to withdraw my objections and to recommend approval of the application.

This is the first time that Mr. Janney and I have talked together about this application. I had the impression that he was going to explore the ground farther to the south than he has in mind. Judging from the cross section which he submitted that is a valid assumption.

My recommendation was to drive the nine hundred level into solid ground and then diamond drill. The ground which he wants to explore, and which looks pretty good, would require as much drifting on the nine as on the twelve. The diamond drilling on the 12 would be much shorter.

Sorry that this was not settled before, see you at Palo Alto in a few days.

Sincerely,

/s/ Charles F. Park, Jr.

FILE COPY
SURNAME:

Brokaw (Etc)
McKnight
Kosch
O'Leary
(For Mote)
Lemm (In Rose)

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

JUL 13 1951

Mr. H. C. Miller
Executive Officer, DMA Field Team
Region III
870 Market Street
San Francisco, California

Docket DMA-66X
Ely Valley Mines, Inc.
Pioche, Nevada
Lead-zinc
Exploration loan

Dear Mr. Miller:

The subject docket DMA-66X, plus the revision, has been reviewed by the Lead-Zinc Branch of the Defense Minerals Administration. The application, as now interpreted, is not in good form and needs considerable revision and clarification before further action can be taken. Items in need of explanatory statements are listed below:

1. Applicant has failed to answer question 9 of MF-103. It must be determined how much money the applicant is prepared to invest in this project. In this instance, the applicant's share must be 50% of the total cost of the project. Certain rental items may be used as a part of the applicant's share.

2. The project, as proposed by the applicant, cannot be considered as wholly exploration as defined by the Defense Minerals Administration, i.e., item 4 of MF-103 and item 6.

3. The only rental items listed under question 23 (g) of MF-103 that can be allowed under the exploration program is a pro-rata amount for the 300 H.P. hoist.

4. The program as submitted by the applicant is not acceptable as a feasible approach for the exploration of the faulted segments of the favorable ore beds. The total cost of this project is approximately $140,000. It is believed that these areas can be adequately explored for less than half that estimated by the applicant, if the alternative program suggested by C. F. Park, Jr. is followed.

It is recommended that the Park proposal be discussed with the applicant in an attempt to work out a contract satisfactory to the Government and to the company. If such a compromise can be reached, a contract, complete with all the exhibits described therein and in accordance with Procedureal Instructions 5 and 5A, should be drawn.

Very truly yours,

Tom Lyon
Chairman
Coordinating Committee

ALBROKAW:emp
G 7-10-51
Lowell B. Moon

for Bureau of Mines

Olaf N. Rove

for Geological Survey

Copies to:
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

FILE COPY
SURNAME:

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

Brokaw (ETM)
McKnight
Ferris
O'Leary
(F.R. Mote
Lemmon (for Ross)
Moon

Re: Docket DMA-66X

JUL 13 1951

Mr. John Janney, President
Ely Valley Mines, Incorporated
Pioche, Nevada

Dear Mr. Janney:

Your application for an exploration loan has been reviewed by the Defense Minerals Administration. Before further action can be taken, it will be necessary to clarify certain items and certain revisions be made in your application. These problems can best be resolved on the ground by a conference between you and the Defense Minerals Administration's field representative. Therefore, your complete docket is being sent to Mr. H. C. Miller, 1012 Flood Building, 870 Market Street, San Francisco, California.

Mr. Miller will keep you informed of any action to be taken on your application.

Very truly yours,

Tom Lyon

Tom Lyon, Director
Supply Division

ALBrokaw:emp
G 7-10-51
Copies to: H. C. Miller Region III (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
L. F. Strobel
Directors. r. file 4214 GSA
Br. r. file 4214 GSA
Files

FILE COPY
SURNAME:

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

June 21, 1951

Mr. R. F. Mahoney
Vice President
Callahan Zinc Lead Company, Inc.
Pioche, Nevada

Subject: DMA-66X
Re: Exploration Loan
Ely Valley Mine

My dear Mr. Mahoney:

Receipt is acknowledged of your application and attachments of June 7, 1951 for an exploration loan under the Defense Production Act of 1950.

The application was assigned Docket Number DMA-66X and was referred to Mr. Otto Herres, Chief, Lead-Zinc Branch on June 18, 1951.

In any future correspondence relating to your application, kindly refer to DMA-66X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL:js
cc: Strobel-2
>Files
Herres
Lyon

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION III

OFFICE OF
REGIONAL DIRECTOR

LANDON F. STROBEL

1415 APPRAISERS BLDG.,
630 SANSOME STREET,
SAN FRANCISCO 11, CALIF.

May 18, 1951

Memorandum

To: Otto Herres, Chief, Lead-Zinc Branch, Defense Minerals Administration, Washington, D. C.

From: Regional Director, Region III

Subject: Docket DMA-66, Ely Valley Mines, Pioche, Nevada
Callahan Investment Co., Inc.

Reference is to your subject memorandum dated January 26.

Mr. Janney has requested copies of MF-103 forms so it is presumed that he will file for an exploration loan.

H. C. Miller
Regional Director, Region III

Copy to: Ward Smith

O.H.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 2 3 1951
LANDON F. STROBEL
Executive Secretary

DMA 66

MAY 23 1951

REGIONAL DIRECTOR

LANDON F. STROBEL

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1415 U. S. APPRAISERS BLDG.,
630 SANSOME STREET,
SAN FRANCISCO 11, CALIF.

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D.C.
APR 11 6 01 PM '51

April 6, 195

Callahan

Memorandum

To: Otto Herres, Chief, Lead-Zinc Branch, Supply Division, Defense Minerals Administration, Washington, D. C.

From: Executive Officer, DMA Field Team, Region III

Subject: Docket DMA-66--Ely Valley Mine, Pioche, Nevada

Reference is to your memorandum to me dated February 21, suggesting that the subject application now should be considered in the field under the exploration program involving matching of funds.

Mr. Ward Smith, Geological Survey representative on Region III Field Team, discussed the Ely Valley application with Mr. R. F. Mahoney, of Callahan Zinc-Lead Company. Mr. Mahoney helped to prepare Mr. Janney's application, so is entirely familiar with the program proposed for exploring the Ely Valley Mine. As Mr. Mahoney was to visit the mine at an early date, he and Mr. Smith arranged that he (Mr. Mahoney) would discuss exploration loans with Mr. Janney and point out to him how his proposed loan fits the pattern of exploration loans rather than an expansion of production loan. A copy of the memorandum to me from Mr. Smith, dated March 29, outlining his discussion with Mr. Mahoney is attached.

4/11/51
Herres
Info.

Attached also is a copy of a letter, dated March 30, from Mr. Janney to Mr. Ward Smith, giving additional information on the work proposed to be done at Ely Valley under an exploration grant. There is attached also a copy of my letter of April 6 to Mr. Janney, thanking him for the additional information and informing him that regulations and application blanks for exploration loans would be sent to him as soon as we receive our supply.

It seems to us now that no further action on our part should be taken until Mr. Janney submits his new application to you in Washington and you in turn advise us of the next step we are to take.

H. C. Miller
H. C. Miller
Executive Officer, DMA Field Team,
Region III

Attachments 3
Copy to: Ward Smith, Geological Survey

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
APR 11 1951
LANDON F. STROBEL
Executive Secretary

FILE COPY
SURNAME:

Herres
Mote
McKnight

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

February 21, 1951

Memorandum

To: H. C. Miller, Executive Officer, Field Team Region III
630 Sansome Street, San Francisco 11, California

From: Otto Herres, Chief, Lead-Zinc Branch DMA

Subject: Docket DMA-66, Ely Valley Mines, Pioche, Nevada

In reply to your inquiry dated February 8 concerning additional data for Docket DMA-66, Ely Valley Mines, Pioche, Nevada, our records indicate that we received only the letter of application signed by Mr. Janney. Copies of Form 146 were sent out but have not been returned to us. Our memorandum to the Field Team however was intended to call for a field exploration and recommendations. In view of the approval that now has been received for an exploration program involving matching of funds for such projects as DMA-66, it seems that the application now should be considered in the field under the new program.

Otto Herres

Attachment 2

O HERRES:ks
CC: Mr. Mote
Mr. McKnight
Mr. Herres
Mr. Strobel
Original and 1 copy to Field Team Region III
630 Sansome Street, San Francisco 11, California

DMA-66

856

REGIONAL DIRECTOR

LANDON F. STROBEL

Herres

File

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF MINES
1415 U. S. APPRAISERS BLDG.,
630 SANSOME STREET,
SAN FRANCISCO 11, CALIF.

February 8, 1951

Memorandum

To: Otto Herres, Chief, Lead-Zinc Branch,
Defense Minerals Administration, Washington, D. C.

From: Executive Officer, Field Team Region III

Subject: Docket DMA-66, Ely Valley Mines, Pioche, Nevada

Your subject memorandum, dated January 26, reached us yesterday but there is some question whether all the material intended for us reached this office. All that we received was the original memorandum. No carbon copy came with the memorandum, nor was any other material attached.

The memorandum indicates that the applicant wants $134,000 for (1) drive a 1500-foot crosscut, (2) deepen the Ely Valley shaft, (3) diamond drilling to locate the "Combined Metals" bed, and (4) purchase some mining equipment. It does not, however, indicate what we should investigate as is done with other requests for field examinations.

The examination will be held up until we receive further information from you.

H. C. Miller
Executive Officer, Field Team Region III

BUREAU OF MINES
WASHINGTON, D. C.

FEB 17 5 27 AM '51

FILE COPY
SURNAME:

Herres
McKnight

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

January 26, 1951

Memorandum H. C. Miller San Francisco

To: Executive Officer Field Team Region III
(Through Director, Supply Division, DMA)

From: Lead-Zinc Branch, DMA

Subject: Docket [illegible]-66, Lily Valley Mines, Pioche, Nevada

The application for a government loan of $134,000 filed by [illegible] Mahoney for the Lily Valley Mines, Inc. has been reviewed by the Lead-Zinc Branch and is forwarded herewith for a field examination and recommended action. The applicant proposes to use the $134,000, if made available, for the following:

1. Drive a 1500-foot crosscut on the 1700 level from the main shaft through the [illegible] fault into the Pioche series.

2. Deepen the main shaft of the Lily Valley Mine 60 feet.

3. Diamond drilling to locate the "Combined Metals" bed and other ore horizons on the northeast side of [illegible] fault.

4. Purchase certain mining equipment necessary to accomplish this program.

[illegible], Chief
Lead-Zinc Branch, DMA

[illegible]
[illegible] Operating Committee

[illegible]. C. Wittendorf, Acting Chairman

[illegible] Hedges

Clif[illegible] Love

RHMOTE/ks

Copy to: Chairman, Commodity Committee
Geological Survey - McKnight
J. H. Hedges
R. H. Mote
2 copies to Executive Officer
Regional Field Team Region III
Files

Dec 66

FILE COPY
SURNAME:

Herres
McKnight
Hedges

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

January 26, 1951

In reply please refer to
DMA Docket No. 66

Mr. John Janney, President
Lily Valley Mines, Inc.
Elocho, Nevada

Dear Mr. Janney:

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

Enclosed are five copies of DMA Form 186, Application for Government loan. Please supply the data requested and return four of these schedules to Mr. James Boyd, Administrator, Defense Minerals Administration, Department of the Interior, Washington 25, D. C. A prompt return of this form will be appreciated.

Very truly yours,

OTTO HERRES, Chief
Lead-Zinc Branch

Enclosure 5
RHOTE/ks
cc: Chairman, Commodity Committee
Geological Survey - McKnight
J. N. Hedges
R. H. Note
O. Herres
2 copies to Executive Officer,
Regional Field Team, Region III
Files

111

Mr. C. W. Merrill

DEFENSE MINERALS ADMINISTRATION

Referral of Applications for Government Aid

Docket No. DMA-66

Commodity: zinc

Name of Applicant: R. F. Mahoney
(vice-pres. Callahan Zinc Lead Co., Inc.)

Address of Applicant: --

Name of Property: Ely Valley Mines

Location of Property: Pioche, Nevada

Nature of Application: aid for exploration $134,000.00

Action Dates

Application: November 10, 1950

Received: November 13, 1950

Referred to NONFERROUS METALS Committee 11-30-50

Information to be
submitted by
Company

146

Certificate from
Special Tribunal
[illegible]
[illegible]

December 4, 1950

Mr. R. F. Mahoney

Pioche, Nevada

My dear Mr. Mahoney:

Your request for assistance under the Defense Production Act of 1950 has been received and is being considered for eligibility under the Act.

All correspondence relating to your project should be identified with the Docket Number DMA-66.

Very truly yours,

CHARLES W. MERRILL, Chief
Base Metals Branch

CWMERRILL:mec

Copy to - Base Metals Branch
Lowell Moon
Files

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

January 19, 1951

Mr. C. G. Hoag
619 Walnut Lane
Haverford, Pennsylvania

Dear Mr. Hoag:

This will acknowledge your letter of January 6, with respect to the lead potentialities of the Pioche Mines Consolidated at Pioche, Nevada.

Inasmuch as the federal government does not contemplate operating mining properties at the present time, it would be impossible to arrange federal operation of the Pioche Mines Consolidated. However, it is possible that if this company's holdings are free of litigation several of the present operators in the Pioche District would be interested in exploiting the deposits. Accordingly, I suggest you inquire of the following companies as to their interest in this regard:

The Combined Metals Reduction Company
218 Felt Building
Salt Lake City, Utah

The Ely Valley Mines Company
Pioche, Nevada

Prince Consolidated Mining Company
Pioche, Nevada

For your information, I am enclosing a copy of the 1949 Bureau of Mines Chapter on metal mining in Nevada.

Very truly yours,

OTTO HERRES, Chief
Lead-Zinc Branch, DMA

Enclosure 1

RHMOTE/ppm
Copy to - Base Metals Branch
Mrs. Parker
R. H. Mote
Chief, Lead-Zinc Branch(Otto Herres)
J. H. Hedges, Minerals Division
Ed McKnight, Geological Sur
Mr. Mittendorf
Mr. Strobel
Field Team Region III
H. C. Miller, San Francisco, Calif.
Ward Smith, San Francisco, Calif.
Fi Files

Surname 5

December 4, 1950

Mr. R. F. Mahoney

Moche, Nevada

My dear Mr. Mahoney:

Your request for assistance under the Defense Production Act of 1950 has been received and is being considered for eligibility under the Act.

All correspondence relating to your project should be identified with the Docket Number DM-66.

Very truly yours,

CHARLES W. MERRILL, Chief
Base Metals Branch

CWMERRILL:mec

Copy to - Base Metals Branch
Lowell Moon
Files

Crosscutting,	1500 ft. @ $30.00	$ 45,000.00
Diamond Drilling	4000 ft. @ $ 5.00	20,000.00
Winze	400 ft. @ $50.00	20,000.00
Raise	200 ft. @ $25.00	5,000.00
Shaft deepening	60 ft. @ $100.00	6,000.00
Pocket and Station to serve 1200 level		4,500.00
		$ 100,500.00

Equipment needs will include the following:

Electric Locomotive, batteries and charging equipment.	$ 15,000.00
Cars, 2½ ton, 6 @ $900.	5,400.00
Mucking Machine	6,000.00
Drills, 3 @ $750.00	2,250.00
Miscellaneous equipment	5,000.00
	33,650.00
Underground workings, as above	100,500.00
	$ 134,150.00

This program is aimed at exploring, and the preliminary development, of potential ore bodies which could be as large or larger than the present ore bodies in the Ely Valley Mine, now opened up and being extracted on the west or upthrow side of the #2 fault. As mentioned above, these developed ore bodies have produced over 500,000 tons, containing over 100,000,000 pounds of zinc.

The continuation of the ore on the downthrow side of #2 fault is indicated by the downward drag of the ore body wherever it has been opened up in the vicinity of this #2 fault. The present ore bodies are now opened up for a continuing distance of 1400 feet along the strike of the boundary faults.

The writer has set down the above information at the request of Mr. Janney and he has signified his approval by co-signing this letter.

Yours very truly,

R. F. Mahoney

Vice President, Callahan Zinc-Lead Co., Inc.

Approved:

John Janney

John Janney, President,
Ely Valley Mines, Inc.