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RENO OFFICE
RECONSTRUCTION FINANCE CORPORATION
PRELIMINARY DEVELOPMENT LOAN
FIELD REPORT

Docket No. Reno C-12
Date Application Received
No Field Examination
Date of Report

November 14, 1942
December 2, 1942

1. NAME AND ADDRESS OF APPLICANT

Mina Development Company
Mina, Nevada

Correspondent:

Same, but will undoubtedly be L. B. Spencer, Mina, Nevada.

2. CHARACTER OF PROJECT AND ESTIMATED COST THEREOF

(DREW MINE)

Retimbering and reclaiming incline shaft from 70 foot level to 200 foot level; opening up old levels and setting hoist, erecting head-frame, etc. Estimated cost \$5,000.00.

3. LOCATION OF PROPERTY

14 miles east of Mina, Nevada, a station on the Southern Pacific Railroad; in the Pilot Mountain Mining District, Mineral County, Nevada.

4. APPLICANT'S INTEREST IN OR OWNERSHIP OF PROPERTY

Leasehold.

5. LOAN REQUESTED

\$ 5,000.00.

6. LOAN RECOMMENDED

\$ 5,000.00 (Provisionally)

7. COMMENTS OF EXAMINER

An examination of this property was not deemed necessary, as I have been in the District several times in the past. In addition I had a long conference with Mr. H. C. Bailey, a Geologist for the United States Geological Survey, during the latter part of October, 1942, and I am setting forth below some notes I made at the time of the interview:

Mr. Bailey is not at all impressed with the chances for finding any considerable quantity of commercial ore in the Mina Development Company's main property, but thinks the Drew Mine has a good chance. The Mina Development people are proceeding upon the theory that the faults in their property are post-mineral. Mr. Bailey is of the opinion that they are pre-mineral, but as far as the Drew property itself is concerned, he is of the opinion that a preliminary development loan should be granted.

There is a considerable tonnage - Mr. Bailey's random guess is a couple of thousand tons of mercury ore in the form of fills in the mine. These fills resulted from earlier operations when the price of mercury was low, and it was necessary to take only high-grade ore; however the mercury content of the material in the fills is such that it would probably pay now, as he thinks these fills might average 6 to 8 pounds of mercury per ton. He also states there is a good chance to develop new ore in the Drew workings, as the geology of the Drew property is entirely different from the Mina Development main property.

I am also attaching to this report a confidential statement by David A. Phoenix and James B. Cathcart, of the United States

Geological Survey, which was sent me by Mr. Wm. D. Mark, Engineer Examiner for the Mining Section, of the Reconstruction Finance Corporation, in response to a letter I wrote him regarding this Mina Development situation on October 19, 1942.

My provisional recommendation is based upon statement of financial condition of the Mina Development Company set forth in Exhibit A, paragraph 8, wherein accrued payroll taxes, Federal Income taxes and Accounts payable amount to \$9,575.85. In addition there are contingent salaries due and Notes Payable amounting to \$45,100.00.

It is not my intention or purpose to take on the function of the Legal Department, but this financial situation is called to your attention. In this respect there is a probability that the application will be amended in favor of L. B. Spencer and A. J. Anderson, as individuals, which will eliminate the Mina Development Company's financial situation. If this is done, there is no doubt an arrangement could be made with the Mina Development Company to treat the ore from the Drew property. A recent discussion with Mr. Spencer indicates that he probably will endeavor to amend the present lease from Drew Philips, Albert Drew, et al, to Mina Development Company, so as to have it run to Spencer and Anderson, as individuals. If this is done, I definitely recommend granting a loan.

I have met Mr. Anderson several times. He is a capable and responsible business man of San Francisco. I have known Mr. Spencer for some twenty-five years, and in the past has been in my employ as a Deputy United States Mineral Surveyor on patent applications, and other survey work. He is an engineer capable and trustworthy; is in good health and perfectly competent to carry on any mining operation not involving large tonnages. He is also very familiar with the District in which the property is located.

Jay A. Carpenter, of the Nevada State Bureau of Mines, concurs in the above comments and recommendations.

L. D. GORDON
Supervising Engineer