Executive Officer Region

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

REGIONAL DIRECTOR'S OFFICE
REGION IV
MAR 21 1951
BUREAU OF MINES
DENVER, COLORADO

March [illegible], 1951

Memorandum

To: Executive Secretary, D. M. A.
Through: Operating Committee and
Director, Supply Division

From: [illegible], D. M. A. [illegible]

Subject: Application of
Silver [illegible] Development Company
[illegible], President
Box [illegible]
[illegible], Arizona
Silver [illegible] mine - [illegible] miles southwest of
[illegible], Arizona

Examination of this [illegible] by the field team, consisting of [illegible] U. S. Geological Survey and [illegible] Bureau of Mines, revealed the following pertinent facts:

The ore body is a discontinuous [illegible] quartz vein, 3 to 10 inches thick, [illegible] galena, [illegible], a trace of chalcopyrite, silver and gold. Only production since about 1940 [illegible] was produced) has been four tons of sulfide ore averaging [illegible] zinc, [illegible] lead, 85 oz. silver per ton and [illegible] oz. gold per ton. Reserves [illegible] a few tons of ore. [illegible] in this general district have not been very productive in the past.

Applicant requests [illegible] loan of $[illegible] to [illegible] and development [illegible] reserves, [illegible] to be expended as follows:

[illegible] day pay roll, [illegible]	$ [illegible]
Trail and road work	[illegible]
Equipment: compressor, [illegible]	[illegible]
Engineering, [illegible]	[illegible]
Expendable supplies: fuel, powder, bits, etc.	[illegible]
[illegible], [illegible] and loss	[illegible]
	$[illegible]

denied

The narrow widthness and discontinuous nature of the vein are sufficient to condemn this deposit from further consideration as a prospective producer of base metals. It is recommended that the application be denied and that the attached letter be sent to applicant.

W. [illegible], Chief
Lead-Zinc Branch
Defense Minerals Administration

a:Wolknightcmp
D 3/5/51
Copies to: Chief, Lead-Zinc Branch
DS 3 - Wolknight
L. B. Woon
R. H. Pote
Stupobel
Mittendorf
2 copies to Executive Officer
Regional Field Team, Region IV
Files

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

March [illegible], 1951

[illegible]

Mr. Jim [illegible] Knight
President and General Manager
Silver Knight Development Company, Ltd.
[illegible]
Phoenix, Arizona

Dear Mr. Knight:

In compliance with your request for [illegible] in under the Defense Production Act of 1950, your property has been examined by field engineers and geologists of the Bureau of Mines and Geological Survey. We now have their reports on your mine.

On the basis of this report we have concluded that the work you are working is too narrow and discontinuous to hold much promise of any significant production of zinc and lead. Furthermore, the vein is in a [illegible] formation that holds little hope for finding sizable bodies of zinc or lead through further exploration. Although the Government is very desirous of increasing the supply of zinc, only the more promising projects that offer hope for significant production can be considered for support by Government funds at this time.

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

Very truly yours,

/s/ Tom Lynn

Tom Lynn, Director
Supply Division
Defense Minerals Administration

[illegible]knight:mp
3/5/51
Copies to: Chief, Lead-Zinc Br.
DMA - Knight
[illegible] Moon
[illegible] Rose
Strobel
Ellingsdorf
2 copies to Executive Officer
Regional Field Rep., Region IV
Files

Copy to Anderson
Stearns
[illegible]

[illegible] Copy to [illegible]

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

DMA-7

Hon. Ernest W. Gibson
United States Senate
Washington, D. C.

My dear Senator Gibson:

This will acknowledge your letter of February 24 in which you inquire as to the status of the application (DMA-7) of Mr. Jos S. Knight, President of Silver Knight Development Company, for a loan to develop his mine near Prescott under provisions of the Defense Production Act of 1950.

We have received the field report on this property which states that the mine is ready for the development of additional tonnage of lead or zinc ore. Other than some production of oxidized ores was sold one about 1940, the only production has been four tons of ore averaging 3.4 oz. Ag, 0.4 lbs. Cu, 29 oz. silver per ton, and 0.3 oz. gold per ton. The ore body is a discontinuous quartz vein, 3 to 10 inches (averaging about 6 inches) thick, and is carrying the lead and zinc minerals scattered sporadically. This is not a good lead or zinc proposition. Furthermore, the type of rock in which the vein occurs has not been very productive of lead or zinc elsewhere in this district, so that there would be little hope of finding richer lens-zones are indicated through further exploration. The amount of lead or zinc that could be recovered from this mine would be small in comparison to the effort and expense that would be necessary to get it, the very small production to date can be accomplished by equal effort and expenditure on projects that are more promising geologically. The Defense Minerals Administration, therefore, decided not to authorize expenditure of public funds to explore and develop this mine for zinc and lead is not justified and we have so notified Mr. Knight.

If there are further questions or reports on this matter, I will be very glad to answer them.

Sincerely yours,

Administrator

Deputy Administrator
Files

RTMcKnightcmp
3-8-51
Copies to: Chief, Lead-Zinc Br. Administrator
USGS - Knight
L. D. Moon
R. E. Cole
Strobel
Mittendorf
2 copies to Executive Officer
Regional Field Coordination AV

March 13, 1951

Memorandum

To: Operating Committee, Defense Minerals Administration

From: Regional Director, Region IV

Subject: Material on Dockets DMA 7 and DMA 57

Attached is the brochure on DMA Docket 7, Silver Knight Lead-Zinc Property. The report on this docket was submitted to Washington on February 19 by the Field Team.

Also attached is the brochure on the Sunnyside Copper Property, United Minerals Reserve Corporation, Docket DMA 57. The Field Team report on this docket was sent to Washington on February 13.

J. H. East, Jr.

Attachments

Dma 7 - 1 copy, NSRB 146
United Minerals letter, 12/15/50 to DMA, Washington
Glen A Gardner Co. letter to UMRC, 9/28/50
Prospectus, UMRC
Preliminary application and consolidated reports Sunnyside Copper

Dma 57 - 2 copies, NSRB 146, 3 copies of Silver Knight letter to Region Iv, Oct. 20, 1950

Copy to DMA files (G)

Return to Washington

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Arizona-New Mexico Branch
[redacted] Mining Division
Box 4097
UNIVERSITY STATION

Date Rec'd.
MAR 12 1951
BUREAU OF MINES
Denver, Colorado

Mining Division
Region IV

TUCSON, ARIZONA

March 8, 1951

Registered, Ret. Rec. Req.

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : Completed DMA Dockets

As per your instructions we are returning the following docket material for return to Washington:

(1) DMA Docket 57 - United Minerals Reserve Corp., Salt Lake City, Utah (Sunnyside property, Santa Cruz Co., Ariz.)

(2) DMA Docket 7, - Silver Knight Lead-Zinc Property, Yavapai Co., Ariz.

Material on DMA Docket9, Western Copper Co. (Bluebird), Miami, Ariz., was returned to you on February 21, 1951.

Walter R. Storms

Walter R. Storms

CC P. T. Allsman
DMA 57
DMA 7
DF

STANDARD FORM No. 14
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

FROM J. H. East, Jr.

BUREAU Mines

CHG. APPROPRIATION DMA

224 New Customhouse
Denver 2, Colorado

U. S. GOVERNMENT PRINTING OFFICE 10—1723

February 21, 1951 JHE:lm

ERNEST W. MCFARLAND
U. S. SENATE
WASHINGTON, D. C.

REURTEL REGARDING DMA DOCKET 7 FILED BY MCKNIGHT, PHOENIX, ARIZONA.

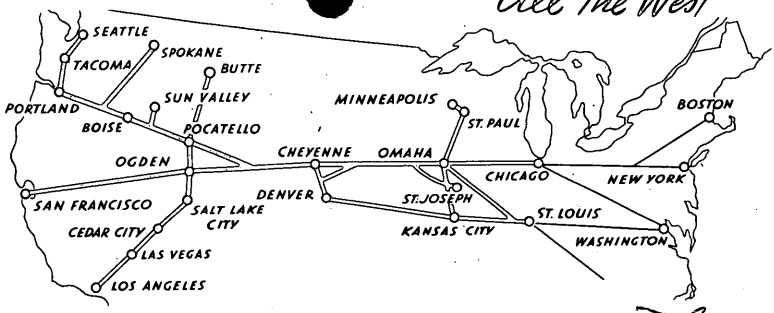
REPORT WAS FORWARDED WASHINGTON ON FEBRUARY 19, 1951.

J. H. EAST, JR.
REGIONAL DIRECTOR, IV
BUREAU OF MINES

cc: DMA files
Accounts

UNION PACIFIC RAILROAD

Serves All the West



Re your telegram ~~dated~~ ~~Sept~~ regarding DMA rocket - I filed by McKnight Phoenix Ariz. Report ~~has been~~ wgs forwarded Washington on _____.

J. H. Smith

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1201

(25)

W. P. MARSHALL, PRESIDENT

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

1951 FEB 19 AM 10 51

KA281 SYA142

WM91 WW SNC026 GOVT DL PD=SN WASHINGTON DC 19 1223P

JACK EAST, REGIONAL OFFICE BUREAU OF MINES

DEPT OF INTERIOR DVR

REMYLET FEBRUARY 9 CONCERNING APPLICATION DMA-7 FILED BY GUS MCKNIGHT PHOENIX, ARIZONA PLEASE ADVISE STATUS OF APPLICATION AND WHEN IT WILL BE TRANSMITTED TO WASHINGTON. AS PROPERTY WAS GIVEN FIELD EXAMINATION IN DECEMBER CANNOT UNDERSTAND WHY THE LONG DELAY IN GETTING WASHINGTON APPROVAL. AM TOLD APPLICATION AND REPORT SENT YOUR OFFICE FEBRUARY FIRST. PLEASE REPLY GOVT. RATE COLLECT. REGARDS

ERNEST W MCFARLAND

TIONS FROM ITS PATRONS CONCERNING ITS SERVICE

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 19 1951
BUREAU OF MINES
DENVER, COLORADO

ERNEST W. McFARLAND
ARIZONA

United States Senate
Office of the Majority Leader
Washington, D. C.

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 1 0 1951
BUREAU OF MINES
DENVER, COLORADO

February 9, 1951

Regional Office
Bureau of Mines
Department of the Interior
Denver, Colorado

Gentlemen:

This is written in the interest of Application No. DMA-7 filed by Mr. Gus A. McKnight, who operates the Silver Knight Development Company in Arizona.

Mr. McKnight indicates that in connection with his application for a loan under the terms of the Defense Production Act, a survey of his property was made and a written report was forwarded to your office on February 1. I would appreciate your indicating to me the prospects for his securing approval of the loan at the Regional Office level and when it has been transmitted to the Bureau of Mines in Washington.

With best wishes, I am

Very truly yours,

Ernest W. McFarland

Ernest W. McFarland

2/19/51

D. M. A. - 7
Silver/Knight Development Co.,
Ariz
Gus McKnight phoned about
Gelvay - Anderson report. Says
it was mailed Feb. 1. Washington
has no record of it this date.

JHE: Has there ever been a reply to Sen. McFarland?

L.

air mail

February 19, 1951

Memorandum

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

From: Field Team, DMA, Region IV

Subject: DMA Docket 7, Silver Knight Lead-Zinc Property, Yavapai County, Arizona

We are attaching the report on the Silver Knight Lead Zinc Property, Yavapai County, Arizona, DMA Docket 7.

Engineers and geologists who examined the property recommend that the requested loan be denied. The Field Team concurs in this recommendation.

J. H. Ernst Jr.
J. H. Ernst, Jr.

Copy of report filed in Ne Docket

A. H. Koschmann
A. H. Koschmann

Enclosure

Copy to: Allsman (2)
Koschmann
DMA files
Master - 3 copies of report

JHE/cl

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Mining Division
Region IV
REGIONAL DIRECTOR

February 12, 1951

Memorandum

To: Executive Officer, DMA Field Team, Region IV

From: P. T. Allsman and W. D. McMillan

Subject: DMA Docket No. 7, Silver Knight Lead-Zinc Property, Yavapai County, Arizona

The undersigned have reviewed the above report and concur with the authors that a loan should not be granted by the Defense Minerals Administration.

Paul T. Allsman

W. D. McMillan

Enclosures.

PTA/FTM

COPY

February 1, 1951

Memorandum

To: Paul T. Allsman, Denver, Colorado

From: Chief, Arizona-New Mexico Br., Mining Div., Region IV, and District Supervisor, Ariz. & N. Mex. Tucson Ariz.

Subject: Silver Knight Lead-Zinc Property, Yavapai County, Ariz. - DMA Docket No. 7

Enclosed are original and five copies of the above report by S. E. Cranney of the Geological Survey and T. M. Rosalie of the Bureau of Mines.

This report has the approval of both of us.

/s/ Walter R. Stamm

/s/ C. A. Anderson

[illegible]

[illegible]

[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

OFFICE OF
REGIONAL DIRECTOR

REGION IV

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

January 12, 1951

Memorandum

To: Walter R. Storms, Tucson, Arizona

From: Regional Director, Region IV

Subject: Docket DMA-7, Silver Knight Development Company, Ltd.

The field team in Region IV Defense Minerals Administration has requested an engineering examination and report of the Silver Knight Development Company, Ltd., P. O. Box 2656, Phoenix, Arizona.

Attached is application form NCMS-146 which has been executed by the Company. Please arrange to have this property investigated and an engineering report completed with your recommendation as soon as possible.

J. H. East, Jr.

J. H. East, Jr.

Attachment

JHE/vt

P.S. Mr. Allsman is away from the office today and I am handling this for him.

cc: Allsman

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

224 New Customhouse
Denver 2, Colorado

January 11, 1951

Memorandum

To: P. T. Allsman (2)

From: Field Team, Region IV

Subject: Docket DMA 7 - Silver Knight Development Co., Ltd.

Attached is Form NSRB-146, filled out by the Silver Knight Development Company, Ltd., P. O. Box 2656, Phoenix, Arizona.

We have been requested by the Lead-Zinc Committee, DMA, to report on the suitability of this project for an exploration loan. Please arrange to have the engineering report in this office as soon as possible.

J. H. East, Jr.

J. H. East, Jr.

A. H. Koschmann

A. H. Koschmann

Attachment

cc: AH Koschmann (2)

JHE:lm

Mining Division
Date Rec'd
JAN 11 1951
BUREAU OF MINES
Denver, Colorado

January 9, 1951

Mr. Gus A. McKnight
P. O. Box 2656
Phoenix, Arizona

My dear Mr. McKnight:

In answer to your letter of January 6 regarding your Silver Knight mine near Prescott (DMA docket No. 7), we do not know when Mr. C. A. Anderson plans to send his report on your property to our Denver office. I would suggest that you contact Mr. Anderson at his office in Prescott concerning his report.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
462.1
DF

WRStorms:frj

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Arizona-New Mexico Branch
SOUTHWEST EXPERIMENT STATION
Box 4097
UNIVERSITY STATION

MINING DIVISION
REGION IV

TUCSON, ARIZONA

December 29, 1950

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : Silver Knight Mine, Yavapai County, Ariz. - DMA Docket No. 7.

You probably are familiar with the correspondence regarding the above property (Silver Knight Development Co., Ltd., Gus A. McKnight, president). I had a letter from C. A. Anderson of the U.S.G.S. this morning and he says, in part: "This morning, Creasey and I took a look at the Silver Knight Silver mining claims southwest of Prescott. Without doubt, they are the saddest looking prospects that I've seen in a long time. We will prepare a brief memorandum plus a sketch map so that this project application can be wrapped up and forgotten. It is so sad that there is no point in having the Govt. spend the money to have anyone else look at the property".

Andy is a good man so if he says the property is n.g. it looks like that is it. I believe he sent a copy of his letter to Koschmann and probably will send his report directly to him.

Walter R. Storms

Walter R. Storms

CC J. H. East, Jr.
462.1
DF

Mining Division
Date Rec'd.
JAN 2 - 1951
BUREAU OF MINES
Denver, Colorado

Mining Division
Date Rec'd.
DEC 28 1950
BUREAU OF MINES
Denver, Colorado

December 26, 1950

Mr. Gus A. McKnight
P.O. Box 2656
Phoenix, Arizona

My dear Mr. McKnight:

In answer to your letters of December 18 and 21 regarding your application for a Government loan (Government assistance docket DMA-7) you no doubt have received Mr. J. H. East's letter of December 21 explaining that at the present time no exploration loans are being made by the Defense Minerals Administration. To date we have not received any instructions from DMA to examine your property. However, Mr. C. A. Anderson of the Geological Survey, who lives in Prescott, has informed me that he plans to visit your Silver Knight mine in Yavapai County.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
462.1
DF

WRStorms:frj

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

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

Mining Division
Date Rec'd.
DEC 2 - 1950
BUREAU OF MINES
Denver, Colorado

December 21, 1950

Mr. Gus A. McKnight
President and General Manager
Silver Knight Development Co., Ltd.
P. O. Box 2656
Phoenix, Arizona

Dear Mr. McKnight:

Referring to your letter to Mr. W. R. Storms, Chief of the Arizona Branch of the Mining Division, regarding your property:

It is noted that you state: "My application for Government assistance under the Defense Production Act of 1950 has been approved in Washington and a field examination has been ordered." The instructions received in reference to Docket DMA-7, Silver Knight Development Company, Ltd., states:

"1. That the project be considered for the DMA's grant for exploration encouragement program when this has been formulated.

"2. That the information furnished by Mr. McKnight be referred to the Field Committee to be ready for a field examination when the exploration encouragement program has been worked out."

It is our understanding that when the exploration encouragement program has been worked out in Washington, we will be instructed to make a field examination of your property. In the meantime, if engineers become available, we will be glad to examine the property and will contact you at that time.

Sincerely yours,

J. H. East, Jr.

J. H. East, Jr.
Regional Director

JHE:lm
cc: PT Allaman
WR Storms

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

January 3, 1951

DEPUTY DIRECTOR'S
OFFICE
DENVER IV
JAN 8 1951
BUREAU OF MINES
DENVER, COLORADO

Mr. J. H. East, Jr.
U. S. Bureau of Mines
224 New Customhouse
Denver 2, Colorado

Dear Mr. East:

Re: DMA - 7
Silver Knight Development Company, Ltd.
Gus A. McKnight, President

Enclosed are 4 copies of NSRB Form 146 sent in as supplementary information on the above Docket number. They should be added to the Docket material relating to this subject.

May we have a field committee report concerning the suitability of this project for an exploration loan?

Very truly yours,

Otto Herres

OTTO HERRES, Chairman
Lead-Zinc Committee, DMA

Enclosures 4

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

Mr. Gus A. McKnight, President
Silver Knight Development Company, Ltd.
P. O. Box 2656
Phoenix, Arizona

Dear Mr. McKnight:

This will acknowledge your letter of December 7 with four copies of DMA form 146. Thank you for this additional material. It will be added to the documents that you have already sent in, and should greatly expedite consideration of your application (DMA No. 7).

Your offer of a further engineering report on your mine is appreciated. Possibly such a report will be needed, but I believe that decision can await the further attention that will be given to your property by our field team, at which time the need for further supporting information can be appraised.

Very truly yours,

Otto Herres, Chairman
Lead Zinc Committee
Defense Minerals Administration

copy to: J. H. East, Jr.

- 1951

December 29, 1950

Memorandum

To : Paul T. Allaman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV

Subject : Silver Knight Mine, Yavapai County, Ariz. - DMA Docket No. 7.

You probably are familiar with the correspondence regarding the above property (Silver Knight Development Co., Ltd., Gus A. McKnight, president). I had a letter from C. A. Anderson of the U.S.G.S. this morning and he says, in part: "This morning, Creasey and I took a look at the Silver Knight Silver mining claims southwest of Prescott. Without doubt, they are the saddest looking prospects that I've seen in a long time. We will prepare a brief memorandum plus a sketch map so that this project application can be wrapped up and forgotten. It is so sad that there is no point in having the Govt. spend the money to have anyone else look at the property".

Andy is a good man so if he says the property is n.g. it looks like that is it. I believe he sent a copy of his letter to Koschmann and probably will send his report directly to him.

WRS.

Walter R. Storms

CC J. H. East, Jr.
462.1
DF
WRStorms:frj

9/1E

SILVER KNIGHT DEVELOPMENT COMPANY, LTD.

OPERATING THE SILVER KNIGHT MINE

PRODUCERS OF: GOLD ★ SILVER ★ LEAD AND ZINC ORES

OFFICE OF
GUS A. McKNIGHT

P. O. BOX 1081
PRESCOTT, ARIZONA

Box 2656
Phoenix, Ariz.

12-26-50

do not acknowledge

REGIONAL DIRECTOR'S OFFICE
REGION IV
DEC 28 1950
BUREAU OF MINES
DENVER, COLORADO

Mr. J. H. East, Reg. Dir
U. S. Bureau Mines
Denver, Colo.

Sir:

Your letter of the 21st. inst rec'd and contents noted. Arrangements have been made to examine the property.

I am somewhat at loss re this matter as to "exploration" or "loan of operation for small producer" but I presume it will be classified when the report of examination is studied or at the proper time in either circumstance.

Thanks for your communication.

Sincerely

Gus A. McKnight, Pres & Gen'l Mgr.

Rec'd Copy

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

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

December 21, 1950

Mr. Gus A. McKnight
President and General Manager
Silver Knight Development Co., Ltd.
P. O. Box 2656
Phoenix, Arizona

Dear Mr. McKnight:

Referring to your letter to Mr. W. R. Storms, Chief of the Arizona Branch of the Mining Division, regarding your property:

It is noted that you state: "My application for Government assistance under the Defense Production Act of 1950 has been approved in Washington and a field examination has been ordered." The instructions received in reference to Docket DMA-7, Silver Knight Development Company, Ltd., states:

"1. That the project be considered for the DMA's grant for exploration encouragement program when this has been formulated.

"2. That the information furnished by Mr. McKnight be referred to the Field Committee to be ready for a field examination when the exploration encouragement program has been worked out."

It is our understanding that when the exploration encouragement program has been worked out in Washington, we will be instructed to make a field examination of your property. In the meantime, if engineers become available, we will be glad to examine the property and will contact you at that time.

Sincerely yours,

J. H. East, Jr.
Regional Director

J.H.:lm
cc: W. Allisman
W. Storms

REGIONAL DIRECTOR'S
OFFICE
REGION IV
DEC 20 1950
BUREAU OF MINES
DENVER, COLORADO

P. O. Box 2656
Phoenix, Arizona
December 18, 1950

Base Metals Docket #7

Mr. Walter Storms
U. S. Bureau of Mines
University Station
Tucson, Arizona

Dear Mr. Storms:

As everyone here with the Arizona Mineral Resources and the bank as well has been surprised, I will give you the same experience.

I talked to Mr. Look over the telephone here this morning and he seems to think you might give me some information. My application for government assistance under the Defense Production Act of 1950 has been approved in Washington and a field examination has been ordered. Mr. Storms, I am sure with your experience on holes that have been left and worked and left and worked and left, you know that they get in such a condition that they are rather hard to understand. This hole is in fairly good condition but it is my wish to have contact with the engineers sent on this field examination. If this matter comes to your attention, it would be under the docket number referred to at the top of this letter and my corporation is styled below.

Very truly yours,

SILVER KNIGHT DEVELOPMENT CO., LTD.

Gus A. McKnight, President & Gen. Mgr.

GAMcK/PL

P.S. My house address is Apartment N, 1130 East Brill, Phoenix, Arizona but I receive my mail at P. O. Box 2656, Phoenix, Ariz.

Copy to J. H. East - Denver

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

REGIONAL DIRECTOR'S
OFFICE
REGION IV
DEC 4 - 1950
BUREAU OF MINES
DENVER, COLORADO

December 1, 1950

Memorandum

To: Executive Officer of Field Team, Region IV

From: Nonferrous Committee, DMA

Subject: Docket DMA-7, Silver Knight Development Co. Ltd., Prescott, Arizona

The Silver Knight Development Company, Ltd. application as presented by Gus A. McKnight, president, has been reviewed by the Nonferrous Metals Commodity Committee.

The application states that the Silver Knight Mine has "no measured ore" reserves. The plans put forward for this project indicate that the company proposes first to undertake exploration with any funds that may be made available under the Defense Production Act.

The Committee, therefore, recommends:

1) That the project be considered for the DMA's grant-for-exploration encouragement program when this has been formulated.

2) That the information furnished by Mr. McKnight be referred to the Field Committee to be ready for a field examination when the exploration encouragement program has been worked out.

The examination of the papers indicates that the suitability of the project in the exploration program will depend first of all on a geological examination.

CHARLES W. MERRILL, Acting Chairman
Nonferrous Committee, DMA

APPROVED:
DMA Operating Committee

S. H. Williston, Chairman

J. H. Hedges

Olaf M. Rove

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
WASHINGTON 25, D. C.

DMA

REGIONAL DIRECTOR'S OFFICE
REGION IV
DEC 11 1950
BUREAU OF MINES
DENVER, COLORADO

December 1, 1950

Memorandum

To: Executive Officer of Field Team, Region IV

From: Nonferrous Committee, DMA

Subject: Docket DMA-7, Silver Knight Development Co. Ltd., Prescott, Arizona

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The examination of the papers indicates that the suitability of the project in the exploration program will depend first of all on a geological examination.

CWLERRILL/erp

CHARLES W. MERRILL, Acting Chairman
Nonferrous Committee, DMA

APPROVED:
DMA Operating Committee

Copy to - Chairman, Commodity Committee
Geological Survey - McKnight
Merrill
Regional Director IV
Williston
Files

B. H. Williston, Chairman

J. H. Hodges

CLAY W. Hove

DMA-7

Form NSRB-146
(Nov. 1950)

UNITED STATES GOVERNMENT

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

FORM APPROVED
BUDGET BUREAU NO. 25-R002

AMOUNT OF LOAN REQUESTED 25,000. 100,000.

TERMS OF LOAN REQUESTED
25,000. Cash
75,000. Commitment

DATE OF APPLICATION 11-20-50

TO BE FILLED IN BY DELEGATE AGENCY

(DATE RECEIVED)

COMM.

AGRIC.

INT.

D.T.A.

FILE NO.

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

SILVER KNIGHT DEVELOPMENT CO., LTD.
P.O. Box 2656
PHOENIX, ARIZONA
OR/AND
P.O. Box 1081
PRESCOTT, ARIZONA

GUS A. McKNIGHT

INSTRUCTIONS

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

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

1. PURPOSE OF LOAN

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

General Statement Twenty five thousand dollars for cleaning out and opening new ore deposits and placing on quantity production basis. Seventy five dollars for one years working working capital and concentrating equipment if expenditure of $25,000. substantiate

NATURE OF EXPENDITURE	AMOUNT
90 days pay roll 300 shifts	3,600.00
Trail and road work	3,000.00
Equipment, compressor etc	7,000.00
Engineering, receiptng, insurance etc	2,500.00
Expendable supplies bits, powder etc	5,000.00
Element of peril and loss	3,900.00
Total amount applied for	25,000.00

2. PROPOSED METHOD FOR REPAYMENT OF LOAN

State sources of funds, and proposed schedule of repayment

From production of zinc, lead, silver and gold ore

3. NATURE OF BUSINESS AND DESCRIPTION OF PROJECT

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

General mining business, operating the Silver Knight properties, producing high grade Galena Ore.

4. Relationship to National Defense. Explain carefully how the expenditure of the funds will contribute to national defense. As a part of such explanation, the following questions should be answered to the extent possible:

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

Substantial evidence available as to shortage of zinc & lead

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

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

National

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

Production of strategic minerals

4. Relationship to National Defense - Continued

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

Producing strategic minerals and developing natural resources

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

No

5. Maximum Designed Production

List separately materials or services identified in item 3 (a)	Unit of measure (b)	Maximum designed production with existing facilities (c)	Average percentage of maximum designed production used in quarter preceding filing of application (d)	Maximum designed production including use of funds applied for (e)

6. Employment

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

3 men

(b) Maximum feasible employment with existing facilities.

(1) Single shift operation.

6

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

10

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

7

7. Timing

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

Immediate

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

Upon acquisition, 15 days for setting up equipment, 30 days for completing cross-cut. Thereafter production should be 20 tons of crude ore per 24 hrs - 2 shifts

9. **Feasibility**

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

150 - Shift miners - per 30 day period
1 - Clerk (Timekeeper - Bookeeper)
1000 - gal fuel, gasoline or diesel, monthly
750 - lbs of blasting powder, "
3000 - ft of fuse "
1000 - Electric caps "
160 - cu ft air compressor & power (gas preferred)
1 - track - Stoper, air power walkpump, air tugger 1000 ft steel bits etc

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

Thru mining supply distributors

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

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

11. **Recent Efforts to Obtain Credit**

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

Valley National Bank - Phoenix & Prescott

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

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

Impossible for mining risk capital

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

A commitment for Loan concurrent with this Loan should be considered for milling and concentrating

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

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

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

NAME AND ADDRESS (a)	Official title (If officer is also director indicate by "D") (b)	Total of annual salary, commissions, bonuses, etc., received from Applicant and affiliates during last fiscal year (c)	Estimated net worth outside of Applicant (d)	Number of shares held in applicant: Common (e)	Number of shares held in applicant: Preferred (f)	Life insurance carried for benefit of Applicant: Amount (g)	Life insurance carried for benefit of Applicant: Net cash surrender value after loans (h)
Gus H. McKnight	PRES. + D						
Margaret E. Brannon	Secy						
	Total		x x x x x			x x x	x x x

15. CAPITAL STOCK ISSUES

For Corporate Applicants

Item	Authorized (a)	Outstanding (b)	Par value (c)	Number of shares outstanding (d)	Dividend rate last paid (e)
Common stock	$ 275,000	$ none	$ 1.00	2000	none
Preferred stock	$ 25,000	$ none	$ 100.00	none	

16. PURCHASE AND SALES RELATIONS WITH OTHERS

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

no

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

no

17. COMPENSATION SCHEDULE

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

17. COMPENSATION SCHEDULE - Continued

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

Name (a)	Position (b)	Compensation paid during previous fiscal year (c)	Present compensation (d)
Jno A McKnight	Pres & Genl Mgr	none	actual expense
Margaret E Brannon	Secy	none	actual fee part time

18. COLLATERAL

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

Description (a)	Date acquired (b)	Cost (c)	Book Value (Net) (d)	Appraised* value (e)
Property now held:				
Lease & option on Silver Knight Claims	Lease assumed Nov 7-1-50		100,000	100,000
(8) Small tools	6-1-48	4,000	3,000	1,000
To be acquired:				
All equipment listed herein				7,000

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

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

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

None. Option to purchase outright or by royalty on lease contract $30,000 but not compulsory Optional only.

Form NSRB-146 (Nov. 1950) | Name and address SILVER KNIGHT DEVELOPMENT CO., LTD. Box 2650 Phoenix Arizona |

EXHIBIT A - CURRENT FINANCIAL STATEMENT

As of _____

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

ASSETS

CURRENT ASSETS

1. Cash ..... $ _____
2. Notes receivable ..... $ _____
   Less reserve for doubtful notes ..... _____
3. Accounts receivable:
   Current ..... $ _____
   Past due not over 4 months ..... _____
   Past due over 4 months ..... _____ $ _____
   Less reserve for doubtful accounts ..... _____
4. Inventories:
   Raw materials ..... $ _____
   Work in process ..... _____
   Finished goods ..... _____ $ _____
   Less reserve for inventory losses ..... _____
5. Other current assets (describe) _____

New Corporation

TOTAL CURRENT ASSETS ..... $ _____

FIXED AND OTHER ASSETS

6. Plant used in business:
   Land ..... $ 100,000
   Buildings ..... _____
7. Machinery ..... _____
8. Equipment, furniture, and fixtures ..... 3,000 $ _____
   Less reserve for depreciation ..... _____ 103,000
9. Investments—stocks and bonds .....
10. Investments in affiliated companies .....
11. Receivables due from affiliated companies .....
12. Real estate not used in business .....
13. Due from officers, directors, employees, stockholders .....
14. Deferred charges .....
15. Other assets .....

TOTAL ASSETS ..... $ _____

LIABILITIES

CURRENT LIABILITIES

16. Notes payable (see schedule 1, page 10):
    Banks ..... $ _____
    Trade creditors ..... _____
    Officers, stockholders, relatives 500.00
    Insurance companies ..... _____ $ 500.00
17. Accounts payable 500.00
18. Other current liabilities:
    Delinquent taxes { Real estate ..... $ _____
    Delinquent taxes { Federal ..... _____
    Wages and salaries ..... _____
    Due officers 500 Cash + 250 for Pardier 750 750.00
    Accrued interest, rent, taxes, wages, etc. ..... _____

TOTAL CURRENT LIABILITIES ..... $ 1,250.00

FIXED AND OTHER LIABILITIES

19. Machinery liens .....
20. Mortgage debts (see schedule 2, page 10) .....
21. Bonds or debentures (see schedule 2, page 10) .....
22. Other liabilities 275000

NET WORTH

23. Common stock (if Applicant is incorporated) Treasury Stock ..... $ ~~300,000~~
24. Preferred stock (if Applicant is incorporated) 25000
25. Surplus (if Applicant is incorporated) 300,000
26. Capital and Surplus Account (if Applicant is partnership or individual) .....

TOTAL LIABILITIES ..... $ 1,250.00

27. Contingent liabilities (explain) _____ $

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

EXHIBIT D

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

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

Name	Description of services	Amount paid	Amount to be paid
		$	$

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

Witness: _____ _____

Address of witness: _____ _____

Dated _____, 19____ _____

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

CERTIFICATION

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

Dated Dec 7 —, 19 50

Witness: (For individual applicants)

_____ _____ (Signature)

Witness: (For partnership applicants)

_____ _____ (Full name of firm)

By _____, a general partner. (Signature)

(For corporate applicants)

(CORPORATE SEAL)

SILVER KNIGHT DEVELOPMENT CO., LTD. (Full corporate name of Applicant)

Attest: By GUS A. McKNIGHT Gus A. McKnight Pres. (Signature) (Title)

Margaret E. Brannen, Secretary (Signature) (Title)

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

U. S. GOVERNMENT PRINTING OFFICE: 1950 O - 916171

GUS A. McKNIGHT
SILVER KNIGHT DEVELOPMENT CO., LTD.

REGIONAL DIRECTOR

Region IV

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

October 24, 1950

7

Mr. Gus A. McKnight, President
Silver-Knight Development Co., Ltd.
Box 2556
Phoenix, Arizona

Dear Mr. McKnight:

This will acknowledge receipt of your letter dated October 20, 1950 submitting data regarding a Government loan under the Defense Production Act of 1950.

We are placing this application in our files for action when definite instructions have issued from Washington regarding the Defense Production Act.

Sincerely yours,

J. H. Earnest

J. H. Earnest, Jr.
Regional Director

JHE:ln

cc: [illegible]
[illegible]

SILVER KNIGHT DEVELOPMENT COMPANY, LTD.

OPERATING THE SILVER KNIGHT MINE

PRODUCERS OF: GOLD ★ SILVER ★ LEAD AND ZINC ORES

OFFICE OF
GUS A. McKNIGHT

REGIONAL DIRECTOR'S
OFFICE
REGION IV
OCT 23 1950
BUREAU OF MINES
DENVER, COLORADO

P. O. BOX 1081
PRESCOTT, ARIZONA

P. O. Box 2656
Phoenix, Arizona
October 20, 1950

U. S. Dept. of the Interior,
Regional Director
224 New Customhouse
Denver 2, Colorado

Dear Sir:

Am herewith submitting the information regarding a loan as suggested by your letter of recent date.

1. Silver Knight Mine, operating company; Silver Knight Development Company, Limited.

2. Past production, etc.
   Information mailed you in booklet form October 19, 1950.

3. The loan is to be used for further development and pushing the tunnel on the lower level to make contact with present vein, which is now folding, and faulting into a new ore shoot and diorite dike.

   a. You have this above mentioned booklet.

   b. List of equipment available:
      Air hammer, necessary pipe, track, car (poor condition), hose connections, receivers, wet submarine receiver. Estimated value $1,000.00.

   c. New equipment needed:
      Compressor, air tuger, stoper, sinker, "lease or purchase diamond core drill equipment", more track and trail work. Estimated cost $15,000.00. Used equipment in the area could be obtained for about $10,000.00. Light Truck approximately $2,000.00.

   d. Present average employee roll: 2 miners, 1 labor.

   e. Additional employees needed: 3 miners, 4 muckers, 2 outside men, 1 part time engineer and geologist for survey work to assist in making proposed contact. (Total payroll and executive expense - 60 days - including insurance - $9,860.00).

f. Ore is smelting galena sulphide. Should be for present shipped to El Paso; Prescott shipping point 11.2 miles on U. S. Highway 89 - ½ mile Forest road, 1¼ mile mine trail (bad).

g. Rate of production on completion of development work, reasonably expected?
Twenty tons, per 24 hour day with same employee schedule as shown in item "e", from increased employment this can be stepped up to conform with the underground position and dip of the lode.

h. Time element.
Production as of item "g" should be reached in 60 days.

i. Paved highway to within ½ mile millsite, this half-mile good and well maintained forest road, 1½ mile from mill site to adit, climb of 1000 feet needs about 10 days bull dozer work - cost estimated $1,500.00.

j. Price necessary to support profitable mining should be lead 17.5¢, zinc 20¢, some detail necessary in getting proper recovery of this zinc, flow sheet will have to be made when funds are available and ore treatment defined.

4. Ore reserves - No measured ore.
Indicated ore 10,000 tons at present price assays $90.00.
Inferred ore (from test holes and trenching) 250,000 tons, from approximately 25 assays in past two years will run $25.00 or better.

5. Report and maps mailed your office October 19, 1950.

6. Twelve years in the area and am a firm believer in employing a graduate engineer to plan all work and mine management.

7. Voluntary statement:
I am a World War I Disabled Veteran and have exhausted my resources because so many engineers have looked at this property and each have encouraged and raised my enthusiasm regarding it, the high mineralization of the area, of the walls and the surface oxides cannot be exaggerated. Phelps Dodge Commercial Mine is on the opposite of dike which crosses the Hassayampa Mining District as shown on the U.S.G.S. Congress Quadrangle, about 2½ miles air line, also the old Sunny South a galena property patented 1890 and has quite a production history is about one mile away.

This loan should be for $25,000.00 cash and a commitment for $75,000.00 to be granted if development comes up to expectations.

The operating company is solvent and free of encumbrance.

Respectfully submitted,

SILVER KNIGHT DEVELOPMENT CO., LTD.

Gus A. McKnight
President

Gus A. McKnight/pb

Mr Fridlan
WOM

January 15, 1950

Air Mail

DMA Docket No. 7,
Silver Knight Dev. Co.

Mr. C. A. Anderson
Geological Survey
Box 633
Prescott, Arizona.

Dear Andy:

We received a letter from the Field Team this morning regarding the Silver Knight Development Co. and also a letter from Regional Director East instructing us to examine it.

If T. M. Romslo comes to Prescott next week, can he examine your report and go out to take a quick look at the property? It may be a "hot potato" so perhaps we had better check you.

Sincerely yours,

Walter R. Storms, Chief
Arizona-New Mexico Branch

CC P. T. Allsman
462.1 No. 7
DF

WRStorms:frj

Doc 7

Form 6–98

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

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

CONFIDENTIAL

February 19, 1951

Memorandum

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

From: Field Team, DMA, Region IV

Subject: DMA Docket 7, Silver Knight Lead-Zinc Property, Navajo County, Arizona

We are attaching the report on the Silver Knight Lead Zinc Property, Navajo County, Arizona, DMA Docket 7.

Engineers and geologists who examined the property recommend that the requested loan be denied. The Field Team concurs in this recommendation.

J. H. Ernst, Jr.

J. H. Ernst, Jr.

A. H. Koschmann

A. H. Koschmann

Enclosure

Copy to: Allsman (2)
Koschmann (2)
DMA files, 3 copies of report - air mail

JHE/cl

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

Mining Division
Region IV

REGIONAL DIRECTOR'S
OFFICE
REGION IV
FEB 12 1951
BUREAU OF MINES
DENVER, COLORADO

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

February 12, 1951

Memorandum

To: Executive Officer, DMA Field Team, Region IV

From: P. T. Allsman and W. D. McMillan

Subject: DMA Docket No. 7, Silver Knight Lead-Zinc Property, Yavapai County, Arizona.

The undersigned have reviewed the above report and concur with the authors that a loan should not be granted by the Defense Minerals Administration.

Paul T. Allsman

W. D. McMillan

Enclosures

CC: WR Storms

February 1, 1951

Memorandum

To : Paul T. Allsman, Denver, Colorado

From : Chief, Arizona-New Mexico Br., Mining Div., Region IV
and
District Supervisor, Ariz. & N. Mex., Tucson, Ariz.

Subject : Silver Knight Lead-Zinc Property, Yavapai County, Ariz. - DMA Docket No. 7.

Enclosed are original and five copies of the above report by S. C. Creasey of the Geological Survey and T. M. Romelo of the Bureau of Mines.

This report has the approval of both of us.

Walter R. Storms

Walter R. Storms

Charles A. Anderson

C. A. Anderson

CC P. T. Allsman
C. A. Anderson
DMA Docket 7
DF

SILVER KNIGHT LEAD-ZINC PROPERTY

YAVAPAI COUNTY, ARIZONA

By S. C. Greaney and T. M. Donnelo

* * * * * * * * DEFENSE MINERALS ADMINISTRATION REPORT
DMA DOCKET NO. 7

APPROVED:

Mining Division
Date Rec'd.
[illegible]
Bureau of Mines
Denver, Colorado

J. H. East, Jr.

A. H. Koschmann

UNITED STATES DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
JAMES BOYD, ADMINISTRATOR

CONFIDENTIAL

SILVER KNIGHT LEAD-ZINC PROPERTY
YAVAPAI COUNTY, ARIZONA

By S. C. Creasey[1] and T. M. Donnelo[2]

CONTENTS

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Summary and conclusions	1
Introduction	2
Physical features, climate and vegetation	3
Location and accessibility	4
Property and Ownership	4
History and Production	5
Geology	6
Ore deposits	6
Ore reserves	7
Conclusions	7

ILLUSTRATIONS

Figure No.		To follow page
1	Location map	4
2	Geologic map	6

1/ Geologist, U. S. Geological Survey, Prescott, Arizona

2/ Mining Engineer, Arizona-New Mexico Branch, Mining Division, Region IV, U. S. Bureau of Mines, Tucson, Arizona

SUMMARY AND CONCLUSIONS

The Silver Knight lead-zinc mine is about 6 miles southeast of Prescott, Arizona, in Yavapai County. The property is held by the Knight Development Company, Ltd., whose president is Mr. Geo A. McKnight, Box 2656, Phoenix, Arizona. It was examined to determine if the Company's proposed plan to develop the mine and start production of strategic minerals warranted Governmental assistance under the Defense Production Act of 1950. The Company's application for aid carries docket number DMA 7.

Production from the property has consisted of a small amount of oxide ore shipped in the early days for the precious metal and . tons of sulfide ore shipped in 1947.

The deposit is opened by three short adits connected by flat stopes. In addition, there is a lower adit and three long trenches on the property.

The deposit consists of a narrow, discontinuous vein, controlled by fractures. It is in aplite, which is intrusive into granodiorite. The vein in general strikes north and dips gently east, and ranges in width from 3 to 16 inches. Vein material comprises galena, sphalerite, a trace of chalcopyrite, silver, and gold in a quartz gangue.

Total ore reserves are estimated at a few tens of tons. The grade, as indicated by the ore shipment of 4 tons, is 5.5 percent zinc, 6.0 percent lead, a trace of copper, 25 ounces of silver, and half an ounce of gold.

The narrow width and discontinuous nature of the vein are sufficient to condemn this deposit from further consideration for aid from the Defense Minerals Administration.

INTRODUCTION

This report covers information obtained during the course of an examination of the Silver Knight lead-zinc property, Yavapai County, Ariz. The examination was made in connection with a request by the Knight Development Co., Ltd., for Governmental aid under the Defense Production Act of 1950, to determine reserves of lead-zinc ores on the property and to start production if adequate ore reserves can be developed.

The application for a Government aid, docketed as DMA 7, states loans are requested for the following purposes:

1. Clean out mine workings and develop ore reserves. The sum of $25,000.00, to be expended as itemized below, is requested for this phase of proposed operations:

90 day pay roll, 300 shifts	$3,600.00
Trail and road work	3,000.00
Equipment; compressor, etc.	7,000.00
Engineering, executive, insurance	2,500.00
Expendable supplies; fuel, powder, bits, etc.	5,000.00
Elements, peril & loss	3,900.00
	$25,000.00

2. Providing adequate ore reserves are developed during the first phase of the proposed operations

an additional loan of $75,000.00 is requested for the purpose of constructing a concentration plant and to supply the company with working capital for a period of one year.

The applicant offers the following collateral as security for payment of the loan applied for.

1. A lease and option to purchase the property for $30,000.00. The appraised value is given as $100,000.00.
2. Small tools having an appraisal value of $1,000.
3. Equipment to be acquired at an appraisal value of $7,000.00

S. C. Greaney and Chas. A. Anderson,[3] examined the mine December 28, 1950 and on the following day accessible workings were mapped by Mr. Greaney and Erwin J. Igoe.[4] On Jan. 23, 1951, T. M. Romslo, accompanied by Mr. Greaney, examined the property and was able to check the findings and concur with the conclusions of this report.

PHYSICAL FEATURES, CLIMATE AND VEGETATION

The property is in the Bradshaw Mountains at an elevation of about 6,000 feet. The topography of the property is rough.

At Prescott the annual temperature shows a range from -21 to 110 degrees and the annual mean temperature is about 53 degrees.

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[3] Geologist, U. S. Geological Survey, Prescott, Ariz.
[4] Geologist, U. S. Geological Survey, Prescott, Ariz.

Annual precipitation at Prescott averages about 18.8 inches which includes about 30 inches of snowfall yearly.

Vegetation on the property consists of a fairly heavy growth of chaparral and mesquite.

The only water available consists of a very small seepage that stands in some of the mine workings. It is possible water might be developed along Copper Creek which is about 650 feet lower than the mine.

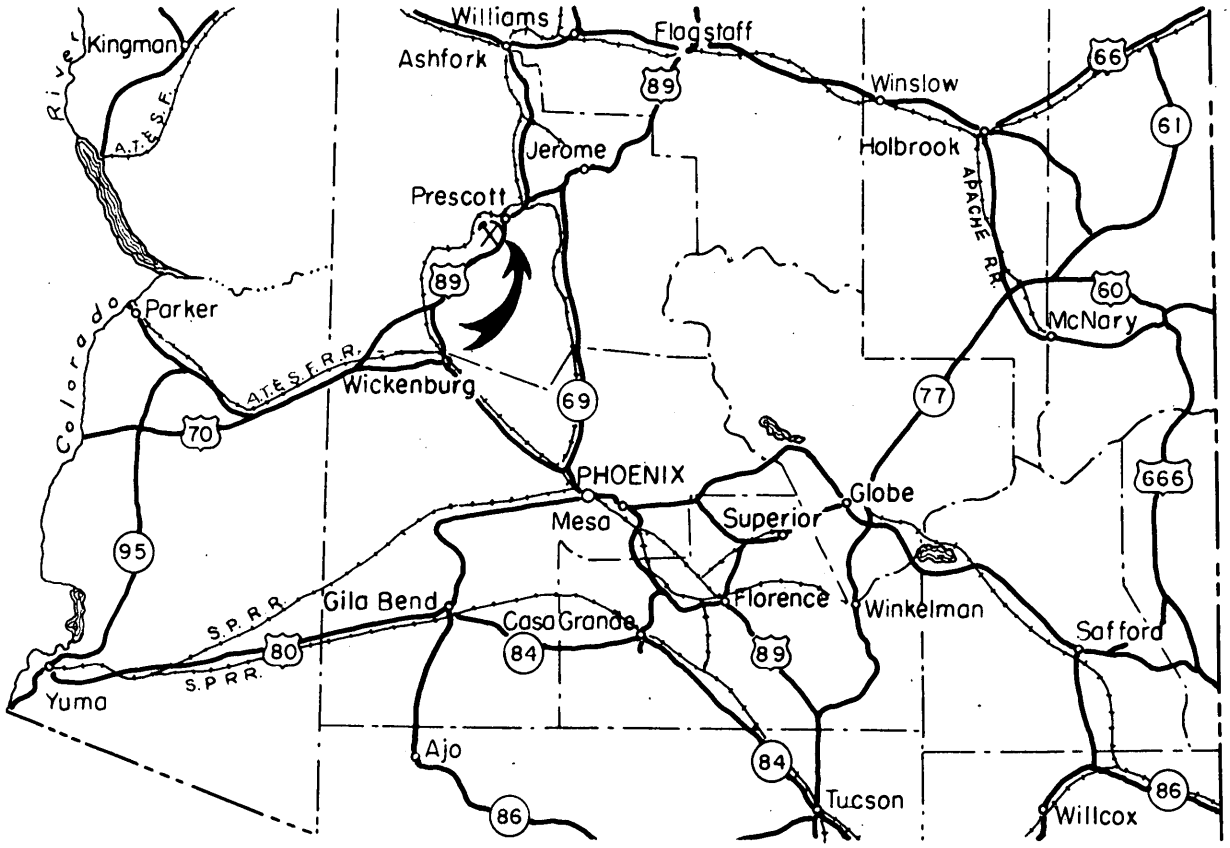
LOCATION AND ACCESSIBILITY

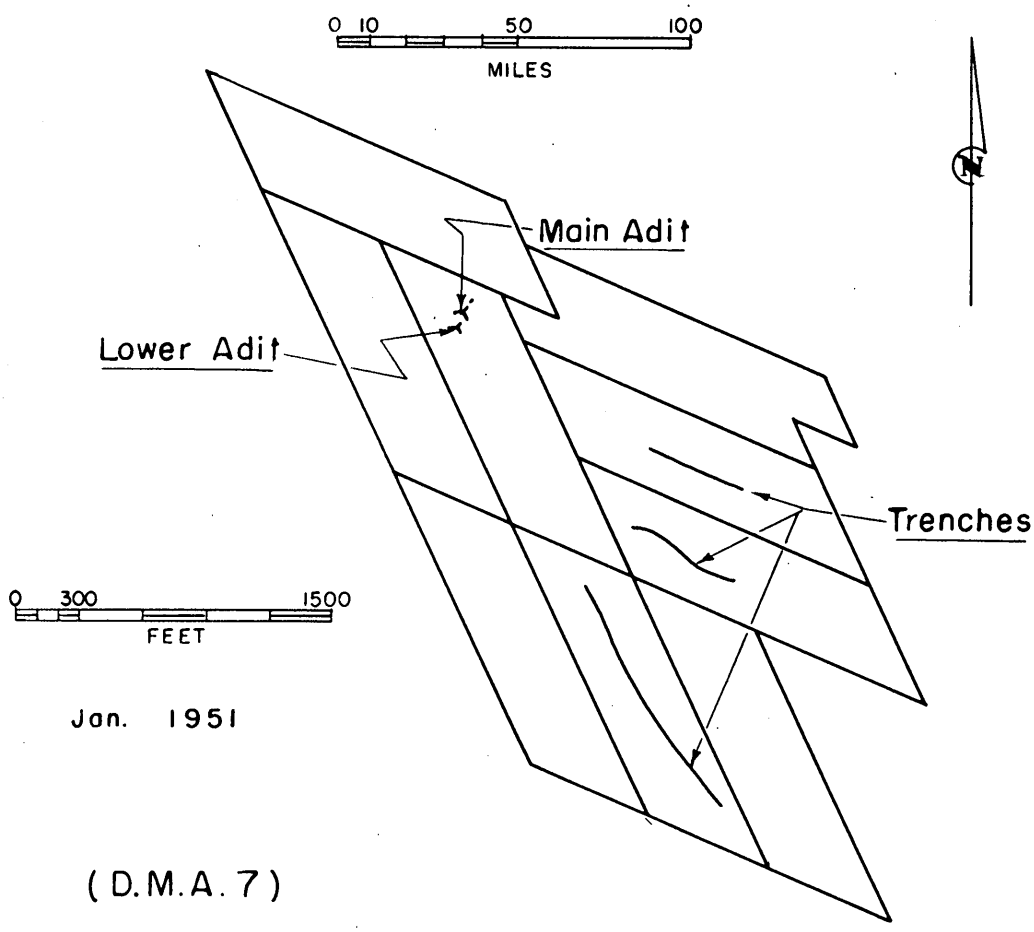
The Silver Knight property is about 6 miles airline southeast of Prescott, Ariz., county seat of Yavapai County, a station on the Santa Fe railroad (fig. 1). It is accessible from Prescott by traveling 11 miles southerly on U. S. Highway 89 and three quarters of a mile by dirt road. The dirt road joins U. S. Highway about a mile northeast of Glen Oaks. The first quarter of a mile of it follows Copper Creek and it then branches to the northeast and for about half a mile winds up the flank of a ridge. This last part of the road is too steep for travel except by 4-wheel drive vehicles.

PROPERTY AND OWNERSHIP

The Silver Knight property consists of a group of 9 lode claims in the NE¼ of sec. 35, T. 13 N., R. 3 W., Gila and Salt River meridian and base line, Yavapai County, Ariz. (fig. 1).

The property is owned by the McKnight brothers of Elwood, Ind., and at present is held by the Silver Knight Development Co., Ltd., whose





(D.M.A. 7)

Figure 1. - Location map, Silver Knight property, Yavapai Co., Ariz.

president is Mr. Gus A. McKnight, Box 2656, Phoenix, Ariz. At the option of the company the property may be purchased outright or by payment of royalties for the sum of $30,000.00.

The company has been incorporated for $500,000.00 of which $375,000.00 is common stock and the remainder is preferred stock. The number of outstanding shares of common stock is 2,000, par value $1.00. No preferred stock, par value $100.00, is outstanding.

HISTORY AND PRODUCTION

It is reported that the property was first opened in 1912 by William Baird who shipped oxide ore to Prescott by pack mules. This early work is represented by the small stopes, and the open cut and short drifts to the northwest of the main adit. Sometime during the early history of the property, three long trenches were dug. After cessation of this early mining, the property was inactive until 1943 when it was acquired by the Blue Sky Mining Company. This company drove two new adits, one to intersect the vein, and a short crosscut. The Blue Sky Mining Company relinquished the property after a short period, and the property was inactive until 1947, when the Knight Development Company cleaned out the mine and drove a short incline, following the vein eastward. During this period 4 plus tons of sulfide ore was mined and shipped to the Iron King mill, Humboldt, Ariz. The property is now inactive.

GEOLOGY

The Silver Knight mine is in a small aplitic mass that appears to be intrusive into hornblende granodiorite. Quartz-bearing granitic rocks of intermediate composition characterize the general region in which the mine is located. It is noteworthy that vein deposits in granitic rocks in this general district have not been very productive in the past.

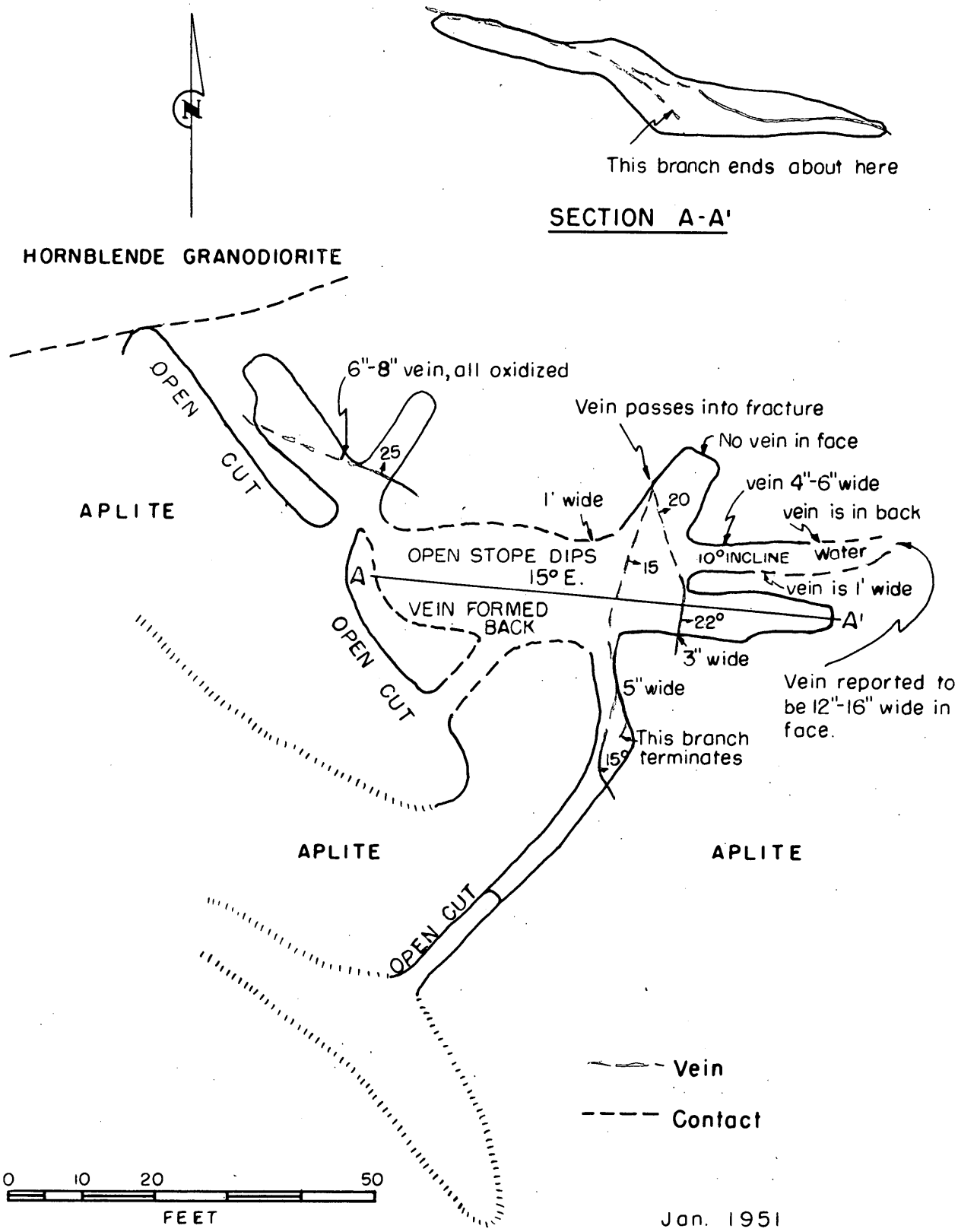
ORE DEPOSITS

The deposit consists of a quartz vein containing sporadic amounts of galena, sphalerite, a trace of chalcopyrite, silver, and gold. The vein ranges in width from 3 to 16 inches, and probably averages about 6 inches (Fig. 2). In general it strikes northward and dips gently eastward, but local "rolls" modify the attitude appreciably.

The vein appears to be localized by fractures in the aplite. There are several splits or branches apparently controlled by intersections of fractures.

Continuity of the vein beyond that exposed in the mine openings is unpredictable. Vein material terminates abruptly in some of the branch veins and the main vein, itself, terminates before reaching the face of the main adit. On the surface the vein could not be traced beyond the immediate vicinity of the mine workings.

The vein is oxidized or partly oxidized in the stopes and in the working northwest of the largest stope. In the main adit, partial



(D.M.A. 7)

Figure 2.- Geologic map, Silver Knight property, Yavapai County, Ariz.

oxidation penetrated to a point a few feet beyond the first head, but from here to where the vein terminates near the face of the adit and in the two crosscuts extending eastward, the vein is unoxidized.

ORE RESERVES

The average width of only 6 inches and the discontinuous nature of the vein limits the inferred reserves to a total of a few tens of tons. There is no measured reserves and only a ton or two can be considered as indicated reserves.

Geo A. McKnight, reported the 4 plus tons of ore shipped to the Iron King Mill assayed 8.5 percent zinc, 6 percent lead, a trace of copper, and 25 ounces silver and a half ounce gold a ton. The figures for base metals appears to be compatible with the higher grade parts of the unoxidized vein, as estimated by eye and probably the figures given for the precious metals represent the correct order of magnitude.

CONCLUSIONS

Field evidence indicates only a few tens of tons of lead-zinc ore can be developed on the property. Consequently, it is concluded the deposit merits no further consideration for any type of aid from the Defense Minerals Administration.