DMA Files

350

AUG 23 1951

MINERAL RESOURCES
OFFICE
1951

Re: DMA-1055

Dr. Harry G. Knapp
P. O. Box 827
Canon City, Colorado

Dear Dr. Knapp:

A second review of your application (DMA-1055) shows that the additional information requested from you on June 21, 1951, has not yet been received. At that time Forms MF-100 and MF-102 were sent to you for completion. To date we have received only copies of Form MF-100 which were partially completed.

It is noted that you make reference to Sec. 5 of MO-7 in respect to the completion of Form MF-100. MO-7, as amended May 10, 1951, deals only with the serialization of mines, smelters, and mineral processing plants and does not apply to applications for Government loans. When completing Form MF-100 for application for a Government loan, all questions should be answered.

The information requested on these two forms is essential for further consideration of your application. Additional copies of Forms MF-100 and MF-102 are enclosed to be completed in detail and returned to this office.

Very truly yours,

Gunnard Johnson

T. P. Billings, Chief
Lead-Zinc Branch

ABCampbell:emp
G 8-22-51
Copies to: J.H. East, Jr. Region IV (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
Reports & Records
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

REGIONAL DIRECTOR'S
OFFICE
REGION IV
JUN 25 1951
BUREAU OF MINES
DENVER, COLORADO

June 21, 1951

Re: Docket DMA-1055

Dr. Harry G. Knapp
P. O. Box 827
Canon City, Colorado

Dear Dr. Knapp:

Review of your application for a mining loan to bring into production the Caledonian mine in San Juan County, Colorado, has indicated that more information will be required before further action in processing your application can be taken. We are enclosing, therefore, Forms MF-102 and MF-100 which should be completed in as great detail as possible and returned to us.

Very truly yours,

Otto Herres, Chief
Lead-Zinc Branch

Inclosures

EJLyons:emp
G 6/21/51
Copies to: J. H. East, Jr. Region IV (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

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

REGIONAL DIRECTOR'S OFFICE
REGION IV
APR 10 1951
BUREAU OF MINES
DENVER, COLORADO

April 3, 1951

Mr. Harry G. Knapp
131 North Fifth Street
Canon City, Colorado

Dear Dr. Knapp:

Dr. Boyd has asked me to reply to your letter of February 28, concerning your need for Government assistance to develop mining properties near Silverton, Colorado.

The Defense Minerals Administration is fully aware of the many problems confronting you and other mine operators in the Western states, and we are making every effort to resolve these difficulties in order that expanded production of strategic metals from domestic mines can be realized. It is not generally known, however, that programs to implement the Defense Production Act through premium prices, direct Government grants, and other methods must obtain the approval of several Government agencies before they can be finally adopted. Programs to expand mineral production, which are recommended by the Defense Minerals Administration, must obtain the full approval of the Defense Production Administration and the Office of Defense Mobilization. Methods of expanding production such as you have indicated in your letter have been considered by the Defense Minerals Administration but have failed to gain full approval of all Government agencies concerned.

At the expense of being repetitious, I would like to indicate to you the types of Government assistance to mining operations, which have been approved and are available at the present time: 1. Accelerated amortization of equipment allowed under the tax laws to operators having certificates of necessity issued by the Defense Production Administration after investigation by Defense Minerals Administration. 2. Purchase contracts with the floor at the current market price made by the General Services Administration on applications certified by the Defense Minerals Administration. 3. Government loans made by the Reconstruction Finance Corporation on applications certified by Defense Minerals Administration, providing private financing is not otherwise available on reasonable terms. 4. Encouragement of exploration.

Details of these various types of assistance and their application to your particular problems are difficult to outline in a letter such as this. I suggest, therefore, that you arrange to discuss your problem personally with Mr. J. H. East, Jr., Regional Engineer of the U. S. Bureau of Mines, 224 Customhouse, Denver, Colorado. Mr. East has just returned to Denver from a meeting of BMA Field men held here in Washington, and is thoroughly familiar with the forms of assistance available and their application. I am sure you will find Mr. East most helpful and considerate in reviewing the situation with respect to Government aid in developing your mining property.

I am hopeful that this letter clearly sets forth the general information available at the present time with respect to Federal aid to mining operations. If I can be of further assistance to you at any time, please feel free to call upon me.

Very truly yours,

Otto Herres

OTTO HERRES, Chief
Lead-Zinc Branch

cc: Mr. Mote
Mr. Herres
Mr. McKnight
Mr. Lyon
Mr. Moon
Mr. Strobel
Mr. J. H. East, Jr.
U.S.G.S. Region IV
224 Customhouse
Denver, Colo.

RHMote:mjb

C O P Y

REGIONAL DIRECTOR'S
OFFICE
REGION IV
APR 10 1951
BUREAU OF MINES
DENVER, COLORADO

HARRY G. KNAPP, M.D.
131 North Fifth St.
Canon City, Colorado

February 28, 1951

Dr. James Boyd
Director, U. S. Bureau of Mines
Washington, D. C.

Dear Dr. Boyd:

What I have to write relates to the plight of the small metal miner -- and so it may be at once tossed into the waste basket -- rather than be considered.

I am a small town doctor, always interested in mining. My son is a graduate mining engineer and was one of your students at Golden. He spent four years in a large tungsten mine in California -- and during the war was in service working with uranium. Since the war, he and I have become owners of two very fine mines at Silverton, Colorado. Under the former premium price plan, he produced from the Burrows mine almost $50,000. worth of lead and zinc from a prospect mine, opened right near the surface. 800 feet of high grade outcrops -- we have but scratched a small part of this. Last year, since we knew this present need for metals was coming, we spent every cent in driving a long tunnel to cut this high grade vein at a lower depth. At the very end of the season, he struck 5½ feet of high grade. Now the mine is ready to develop, if we find the money to do the job. If we get no help, we will mine in a small way; if you want this developed into a really good mine, thenget up a simple formula for getting help -- a premium price plan. Our zinc pays 4¢ less expenses. We also want a grant of $20,000. or even $10,000. to be used for development work only. Our money went last year -- how can we even mathc money on a 50-50 basis? Do the farmers pay back? Or match money?

I feel very bitter about how the government program is developing. It is not a program that will produce metals or mines, unless the big companies do it. The big companies like it this way.

The Department of Mines in Denver know all about the Burrows mine, the mine I have been mentioning. They also know about the Caledonian mine; they have mapped and recommended development, and drilling at government expense. It is a marginal mine, but should develop into a very large mine. The old time owners must have used half a million in opening up the mine. One ore body is 5 ft wide and the stop is over 150 feet long and there is good ore at each end. How long the ore body is we do not know. The level above is 250 feet above. Above the upper level it is a long way to the surface. This mine is lead, zinc and copper. It is a marginal mine and must have a premium price, so that we get the money.

From this mine a very large tonnage can be produced, but the chances are that we will not do much because of the lack of money — for lack of a premium price.

We can't match money; and after hearing Congressman Engle of California, we would just be gambling on getting money, and that would take a year for the try. We could start with 50 tons per day, and build up. But then added equipment would be necessary, and money to operate on.

As I see it, this whole procedure takes millions for Washington — but nothing will come to the miners who are anxious to produce the needed metals. This must be very comforting to Uncle Joe! However, if it were only politically and beaurocratically expedient to give a small miner just some of the available funds, then Uncle Sam would be the one who smiles!

To step up the production we know we have, we need money at once for machinery and equipment and for expenses.

We have the mines and we know they could produce. We can't even match money. ive us a premium price, and we will build up as fast as we can. Give us more money and we will produce more. It seems simple to us — Uncle Sam or Uncle Joe!

A simple procedure would do the job. It didn t take an army of employees in Washington during last war. Why should it bog down under other plans this time?

I know this doesn't amount to damm where you are, but I am sending it anyway and may send a copy to my friends in Washington.

Very truly,

/s/ Harry G. Knapp

Harry G. Knapp

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
REGION IV

OFFICE OF
REGIONAL DIRECTOR

224 NEW CUSTOMHOUSE
DENVER 2, COLORADO

April 9, 1951

Memorandum

To: Otto Herres, Chairman, Lead and Zinc Commodity Committee

From: Executive Officer, Field Team, Region IV

Subject: Caledonian mine; Burrows mine

Enclosed are the original and three copies of Form NSMB-146 and supporting data on each of the Caledonian and Burrows lead-zinc mines in San Juan County, Colorado.

Your attention is directed to recent Bureau of Mines reports on these properties which confirm and support the claims of the applicants. It is probable that with the Bureau of Mines report, and Wilbur Burbank's familiarity with the properties, further information from the applicant will not be needed.

J. H. East, Jr.

J. H. East, Jr.

DLA files

PTA:lm

Enclosures

REGIONAL DIRECTOR

Region IV

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

October 20, 1950

Mr. Harry G. Knapp
131 North Fifth Street
Canon City, Colorado

Dear Mr. Knapp:

Referring to Mr. R. H. Note's letter to you, dated October 16, in reply to your letter dated October 3:

Attached is a form letter which indicates the type of information you should present with your application for financial assistance under the Defense Production Act.

Additional information may be required when the regulations have been established.

Sincerely yours,

J. H. East, Jr.
Regional Director

Attachment

JHE:vmt

cc: PT Allsman
WM Traver

Mining Division
Date Rec'd.
OCT 20 1950
BUREAU OF MINES
Denver, Colorado

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

REGIONAL DIRECTOR'S OFFICE
REGION IV
OCT 19 1950
BUREAU OF MINES
DENVER, COLORADO

October 16, 1950

Dr. Harry G. Knapp
131 North Fifth Street
Canon City, Colorado

Dear Dr. Knapp:

Your letter of October 3, addressed to the Secretary of the Interior and requesting information on loan privileges under the Defense Production Act of 1950 has been referred to me for reply:

As you no doubt know, this Act provides among other things, for the expansion of productive capacity and supply of strategic minerals. Executive Order 10161 delegates to the Department of the Interior the responsibility, in regard to metals and minerals, for reporting on the feasibility of projects to expand productive capacity and supply and the essentiality of such proposed new capacity or supply to the Defense Program. Based on these reports the Bureau of Mines will determine what proposals may properly be certified to the Reconstruction Finance Corporation for loans and to the General Services Administration for purchase contracts. However, before the Department of Interior can function under authority delegated in the Executive Order, certain administrative procedures must be established. The details of procedures to be followed in the Bureau's certification to RFC and GSA have not yet been fully worked out. Furthermore sufficient funds for carrying out the program on metals and minerals are yet to be appropriated. It is anticipated that Congress will give early consideration to appropriation of such funds when it reconvenes in November.

Until these operational difficulties are resolved there is very little definite information I can give you on the functional aspects of the Act's loan provisions. In the meantime in order to expedite matters in the event that you or your company prove to be a qualified applicant for financial aid I suggest you advise the Regional Director of the Bureau of Mines of your needs and your proposal for increasing mineral supply. The office for the region including Colorado is in Denver, Colorado:

Mr. John H. East, Jr.
Regional Director, Region IV
Bureau of Mines
224 Customhouse
Denver, Colorado

Copy to - Mr. John H. East, Jr. - Denver, Colorado

In bringing the matter to Mr. East's attention, you should present all the pertinent engineering data available concerning your property including information on manpower and equipment required, tonnage and grade of ore, and anticipated rate of production. Submission of these data will enable the Regional Engineer to have the property examined if necessary and make a recommendation for consideration of this office as to the course of action to be followed.

I regret that I cannot give you more assurance of assistance at this time. You can be certain, however, that any information you furnish the Bureau will be given full consideration.

Very truly yours,

RICHARD H. LOTT
Base Metals Branch

C
O
P
Y

HARRY G. KNAPP, M. D.
Physician and Surgeon
131 North Fifth Street
Canon City, Colorado

October 3, 1950

Mr. Oscar L. Chapman,
Secretary of the Interior,
Washington, D. C.

Dear Mr. Chapman:

I am glad that something necessary for the development of mines is finally going to be done.

This letter is to state to you that my son, Kenneth E. Knapp, a graduate of Golden Mining School, and I own two mines at Silverton, Colorado.

One is the Burrows Mine. It is a high grade zinc and lead mine. Have produced about $50,000. worth from the upper level. We are driving a tunnel to reach a lower level. We need help for exploration and development. This can no doubt be made into a big producer, with help.

The other mine is the Caledonian. This mine has had a lot of development and some production. It produces zinc, copper, and lead. But so far, the prices for ore have been so low and the cost so high that it is sub-marginal. We have a large body of ore developed and ready to produce. Further development would no doubt add rapidly to the ore reserve. During the last War, this mine was granted premiums but no production to amount to anything was had at that time. This mine was studied and a favorable decision was rendered by the Geological Department for diamond drilling program. But nothing has happened! This mine adjoins the Kittymac mine which was big producer in the early days. The Caledonian could be operated during most of the winter if a start could be made this fall.

Please keep me advised regarding the procedure for making loans and for getting contracts.

Very truly yours,

Signed/ Harry G. Knapp