

THE APPLICATION OF THE MEUNNA COAL MINING
SYNDICATE FOR GOVERNMENT ASSISTANCE

Introduction

The Meunna Coal Mining Syndicate is formed of a small company of local residents. The Syndicate has acquired leases of the coal mining rights of land in Flowerdale River valley about two miles north west of the Preolenna Coal Coys leases. Since the formation of the Syndicate £1,250 has been spent in exploratory and developmental work. Three seams have been exposed in trenches and shallow cuts over a distance of half a mile and one seam (gas coal) has been opened in a dip adit 60 feet in length. It is proposed to continue this dip adit 200 feet further, and from the end drive headings at right angles there to preparatory to the excavation of the coal. This work, it is estimated, will cost £3,100, and the Syndicate asks the Government to aid them in this undertaking by a loan of £2,000.

The Coal Seams

Three of the five seams of coal opened on the Preolenna properties have been exposed here. In all essentials the coals are of similar qualities here and there and the seams are of equal thicknesses. Moreover the conditions for mining and transport are closely comparable. The coal is in seams 8 inches to 24 inches thick; they are of high calorific value, but are restricted in their application to industrial uses by their excessive content of sulphur. From coal of this class fuel oils can be produced - in fact that will be their chief use in future. (The Government Chemist, now in Europe is to enquire into the latest methods of oil production from coal of this nature.

Marketing The Coal

The members of the Syndicate state that a local market of 20 tons daily is now available at prices equal to those obtained for the various grades of Newcastle coal. It is stated that the price ranges from 38/- to 45/- per ton at Wynyard - prices sufficiently high to leave a fair margin of profit. On account of the high proportion of sulphur the coal can be used only for domestic purposes and for fuel in the manufacture of cement at present.

The difficulty in finding a market has been the chief obstacle to the development of the seams on the Preolenna Coal Coy's properties. Since the construction of the railway - mainly to provide transport facilities for this coal company - very little, if any, coal has been produced from their mines.

The Payment of Royalty

It is proposed by the Syndicate to provide for interest and sinking fund on a loan by the payment of a royalty of 2/- per ton of coal marketed; but the continuity of operation cannot be guaranteed. During the first year of development very little coal would be

produced, but sufficient to provide in royalty the interest on the loan. On an output of 6,000 tons in the second year a revenue of £600 would be received by the Government, and so on from year to year until the loan is refunded.

The Method of Development

The method of mining as outlined by the Manager, Mr. Hugh Barr, is regarded as sound for operation on a small scale. Mr. Barr considers that better results can be obtained by opening the seams through a number of small mines than through one or two main mines. As there are indications of faulting in the neighbourhood it would be hazardous to lay out large mining works until the whole area has been carefully drilled. The thorough drilling of the coal-bearing country should be the first exploratory work of the Company. On the results so obtained the lay out of the mining works should be based. It may then be found more advantageous to operate from a point on the eastern side of the railway.

General Remarks

The members of the Syndicate have been working for years, under adverse conditions, to establish the coal mining industry at Preolenna. Success would have attended their efforts long ago had it not been for the high content of sulphur in the coal. If those interested could enter into contracts to provide regular supplies at 20/- per ton on the railway trucks at preolenna a market might be found with the Cement Companies, and if the sulphur content be reduced by treatment of the coal in washing machines a higher price and a wider market might be obtained. The same price would be paid for slack as for lump coal. At present the slack (amounting to 12 per cent of the coal mined) is of little value and the market is strictly limited. That appears to be the best way out of the difficulties in which those interested in the industry now find themselves.

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