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	3 SEP 1984			E & IL
	DEPT. OF MINES			
REF. No.	9434/84			

E.L. 21/82 FIRST ANNUAL REPORT

ABOCC TRANSPORT COMPANY PTY. LTD.

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September 1984

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1.0 INTRODUCTION

This report details the results of exploration carried out in the license area in the first twelve months period since its granting on the 28th of October 1983, and the proposed program of exploration in the next 12 month period. It supports an application for renewal which is due on the 1st of October 1984.

It was proposed by the Company to carry out an integrated exploration program over this area, and also the exploration license area in the vicinity of the old Stanhope Coal Mine. This would have considerable cost advantages, which are important to the Company because of its limited resources and the long period before any financial returns could be expected from mining.

The Company also applied for an additional area adjoining E.L. 2/82. However, confusion over the this area and the subsequent delay in the incorporation of the additional area has meant that exploration during the period has been restricted to a review of literature and limited site investigations. The drilling proposed in the initial license application was not commenced as this was delayed until the final license area for E.L. 2/82 was determined.

However, considerable information was available on previous exploration and mining, and during the period, Department geologists completed a review of the area (Bacon, 1983). This has provided an excellent basis for an understanding of the area.

Avoca Transport Co. is a Tasmanian civil engineering and earthmoving contractor and its interests in coal exploration are in proving up areas with potential for surface mining. This includes coal left in abandoned underground mines in the form of pillars.

2.0 PREVIOUS EXPLORATION AND MINING

Bacon (Bacon, 1983) has documented most of the information available on the geology and mining history of the area, and only the material directly relevant to future exploration and possible surface mining are addressed in this report.

Mining

Coal was discovered near Merrywood in 1907 and exploration in the form of adits and shafts, with limited mining continued until 1945, when large scale mining commenced. Mining was initially by bord and pillar, with a small open cut operation along the contour in later years. The extent of the workings is shown in Figure 1. A washing plant was installed in 1957 to improve product coal quality. Mining continued until the loss of markets eventually forced the closure of operations in 1963.

The coal transport company (Avoca Transport Co) used to transport coal, then commenced operations as an earthmoving contractor with the open cut equipment and was the beginnings of the current companies business.

The coal seam mined was relatively free of major faulting and continuous over the mine area. The seam was on average 3.2m thick, of which only approx 2.1m was mined, because of shale bands and roof and floor requirements. The mined area, showing the extent of both open cut and underground workings is shown in Fig 1. The underground workings were limited in the north by faulting and a dolerite intrusion. The seam in this area was recorded as rising steeply and this limited the extent of the workings in this direction. This increase in the dip was most likely caused by a fault, and/or associated with the dolerite intrusion. Mining in the east in the immediate vicinity of Merrywood Creek was limited by coal quality, with the coal described as 'sooty'. This was probably caused by weathering and oxidation. Towards the end of the mine life, mining was being directed towards the North and North-East. Exploration was directed towards the seam to the east of Merrywood Creek and some overburden was removed, although the seam was never exposed, except in an adit.

Drilling

Recent exploration by the Department of Mines and Investigator Coal Exploration has included two drill holes in the vicinity of the old mine workings. The Departments hole, DOM DDH 18 indicates that dolerite has intruded and removed the seam. Investigator Coal's drilling (78RG-4) intercepted the seam (2.15m) immediately to the east of the underground workings (Fig. 1).

3.0 POTENTIAL COAL RESOURCE

Old mine plans, drill hole information and a topographic survey have been used to prepare a map of the coal seam structure in the immediate vicinity of the mine area. This is shown in Fig. 1. The approximate position of the seam outcrop is shown, together with the seam dip, strike and 1:10 (tonnes coal per meter) overburden ratio. The latter assumed a conservative seam thickness of 2.1 m.

The geology of the area is relatively simple and the area free of major faults. The seam dips to the SSE at approx. 3% while near the fault to the north of the old workings dips increase quite markedly. The seam is probably in a downthrown block in the mine area. This fault therefore forms the Northern boundary of any potential coal resource.

The rapidly increasing topography to the west and the fault limits any recoverable coal in this direction also.

Therefore, the potential surface mineable coal resource is confined to the coal remaining in the old underground workings and to the East and South-East. The Dolerite cap on Pratts Hill may have removed the coal seam in this area also, however, the steeply rising topography rapidly increases the overburden ratio for surface mining in any case. Mining around the contour may be feasible in this direction. The depth of weathering will be an important determinant of the coal reserves. However, analyses of the seam exposed in the Merrywood creek and presented in Bacon's report do not indicate any serious effects and oxidation may be limited to near the old underground workings.

If an overburden to coal ratio of 1:10 is adopted, a surface mineable reserve of approx. 500,000 tonnes exists in the area.

In addition, the old underground workings are known to have coal left in the form of unmined pillars.

4.0 FUTURE EXPLORATION

The potential coal resource, although comparatively small, is an attractive target for a small surface mining operation. The reserve and assumptions on which it is based will be tested by a small drilling program. Drill holes are proposed to the North of the old workings in the vicinity of the fault, to the East and South of the existing drill hole, and on the eastern side of Merrywood Creek. These locations are shown in Fig. 1 and any additional drilling will be reviewed as they proceed.

At this stage all drillholes are proposed to be fully cored. All core will be logged by a coal geologist and stored, with selected samples forwarded for analyses. This program will be carried out in conjunction with a similar program in E.L. 1/84.

In addition to the drilling, the Company has an application with the Department to use an excavator to uncover the entrances to the old workings. If these are accessible, they will be surveyed for coal reserves in the form of pillars. Cornwall Coal Co. has volunteered its Mines Rescue Team to assist.

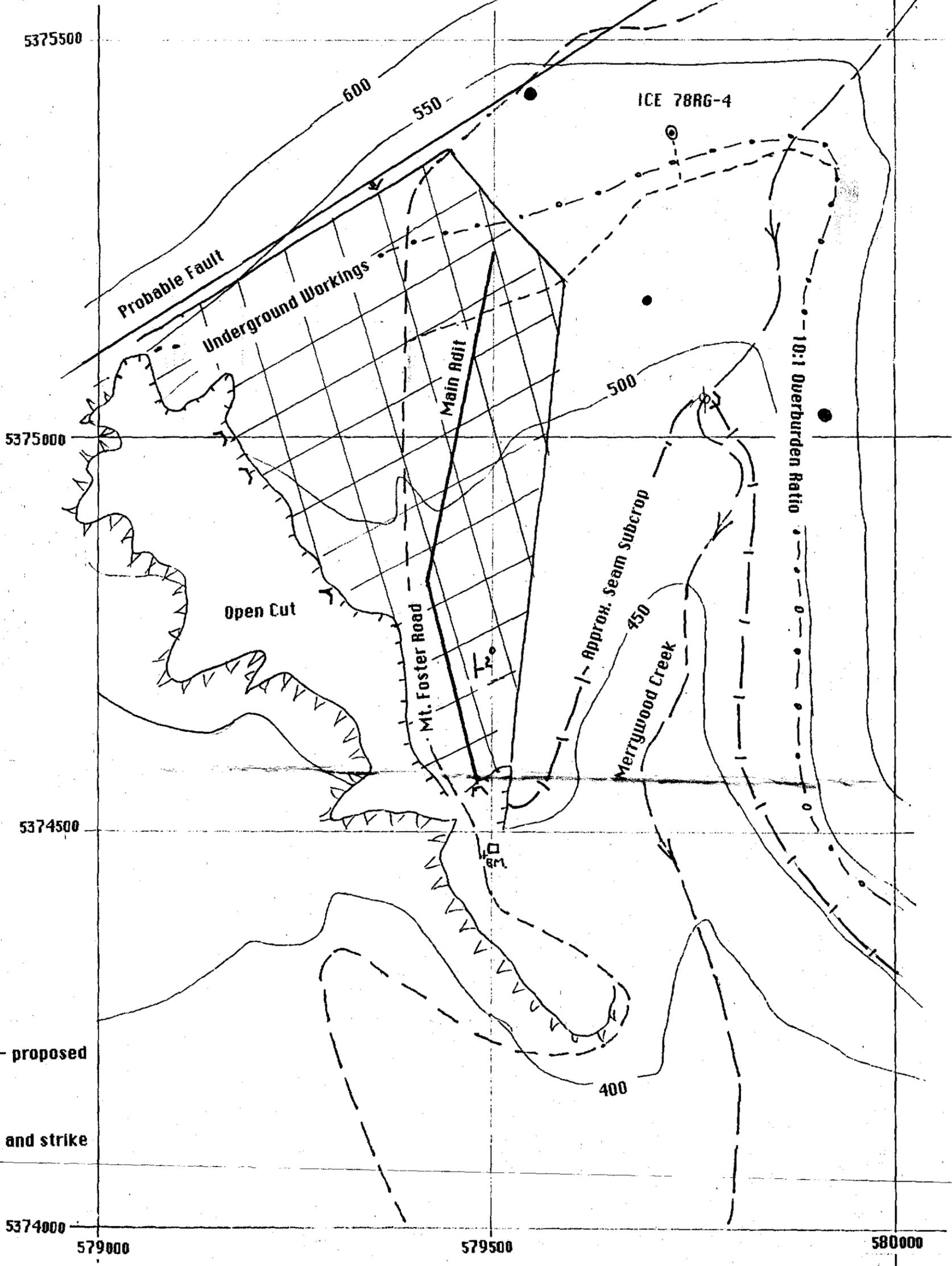
The topographic survey which has been substantially completed will be continued.

At the end of this program the Company expects to complete a feasibility study of a small surface mining operation and if satisfactory, apply for a mine lease before the end the next license period.

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5.0 REFERENCES

Bacon, C. A., 1983. The Merrywood Coalfield. Department of Mines
Tasmania, Report 1983/07.



- ⊙ Drill Hole
- Drill Hole- proposed
- ⌒ Adit
- ⊥ Seam dip and strike

5 cm

Scale 1:5,000

E.L. 21/02
MERRYWOOD MINE AREA

FIG. 1

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