

Produced in the matter of
Asbestos Personal Injury Cases;
Abrams Lead & copied to
Richard F. Scruggs.

008140

COPY PHONOGRAM SENT 11.45 a.m. 14/9/59.

U R G E N T.

MINING REGISTRAR

MARBLE BAR

ATTENTION JUST DRAWN APPLICATIONS MINERAL CLAIMS 112 TO 115
INVOLVING BY HANCOCK PROSPECTING COMPANY ADJACENT OUR OPERATIONS
WITTENOOM STOP ALSO UNDERSTAND FURTHER APPLICATIONS SIMILAR NATURE
BY SAME COMPANY ADJOINING OUR MINE FOR WHICH HEARING WILL TAKE
PLACE LATER STOP OBJECT TO GRANTING ALL AREAS AND REQUEST
ADJOURNMENT OF HEARING OF FIRST MENTIONED CLAIM APPLICATIONS TO
ENABLE FORMAL OBJECTION TO BE LODGED AND OPPORTUNITY GIVEN US
TO SUPPORT SAME IN COURT STOP FORMAL OBJECTIONS AIRMAILED TODAY

THOMAS

AUSTRALIAN BLUE ASBESTOS LTD

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1st Period

1943 - 55. (to 1944)

from 2nd establishment
of mining. handling
the same.

59567 - 59. Establishment
in 1950 - first
year 1950.

Consolidation
BB program

Company established in 1950
and adding to SR
with a better support as
which was found of industrial
importance

Refer Plans of
Colonel Gough and
his plans for
approx 1913 & translation
and interview
Confirmation in
Lefebvre, et al.

PAUL CROWL THOMAS to prove:

I am authorized by my firm to give evidence in support of its objection to the granting of Mineral Claims 116 to 129 inclusive.

"That the lease in question falls with in the Mineral Reserve of which it was understood this Company had right to investigate and peg any areas suitable for the mining of blue asbestos. Due also to the presence of the reserve it has been the Company's policy over the past to only peg the leases as required for immediate mining purposes. Further that the lease referred to adjoins our existing leases and therefore limits the extension of our existing mining operations."

The Colonial Sugar Refining Company Limited became interested in blue asbestos deposits in The Blue Asbestos Deposits of the Hamersley Ranges during the war in 1942 because of a proposal to join with the L.G. Hancock Asbestos Company,

to develop asbestos leases held by that company.

At that time Australia had almost no resources of asbestos fibre.

After inspecting the deposits and perusing the reports of the Department of Mines in Western Australia it was decided by C.S.R. that if the Commonwealth Government considered it important to Australia to develop the deposits then the company would endeavour to do this. The interest to the company was that it was in line with developments in the building materials industry which had engaged the company's attention for some time.

The Commonwealth Government completely agreed on the importance of the project and it was decided to proceed with plans to develop asbestos deposits at Wittenoom Gorge.

Australian Blue Asbestos Limited was incorporated in April 1943 in which the Hancock interests had a large share holding.

A Temporary Reserve of some 1,100 miles^{sq.} was established under the Mining Act.

My company has carried on operations on Mineral Claims purchased from the ^{key in} Hancock syndicate in 1943 or subsequently granted to it under the Mining Act. Many difficulties were encountered in developing the asbestos areas at Wittenoom during war time and progress was

Despite highly skilled mining engineers

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Ref. A.B. to

ask lease owner if
can now work!
Haven

Michigan - High Coal very slow.
 in Kansas 1886 - 1920
 Despite high

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the technique for mining the particular deposit was unsatisfactory and progress was slow.

The Hancock interests were discouraged, and asked C.S.R. to purchase their share holding.

At this time ? C.S.R. also took over fixed assets and claims of W.A.B.A. Limited and paid £25,000 cash for the express purpose of enabling a loan made to that company by the W.A. Government to be repaid.

At this time ? assurances were given that there would be no difficulty in the company holding these additional claims provided it could show that it was doing its best to mine and market asbestos from other claims held by it. In 1947 a major decision to provide housing had to be made and after discussion with both State and Commonwealth Governments, housing was provided at Government expense.

The Company provided at its expense, houses for staff, hotel, theatre, store facilities, barracks for workmen.

Despite the provision of housing and the best endeavours of skilled mining men from Australia and abroad and the bringing of mining migrants from Europe, at the company's expense, the project developed slowly and resulted in large financial loss to the company.

This was caused by difficulties in mining and milling the extremely low grade

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deposit in hard rock and of the absence of a reasonably large market for fibre only low production consequently was possible.

This Company advised the W.A. Government of the grave difficulties.

On every occasion the Company was induced to continue to do its best to make the venture a success.

It became obvious that in view of the quite small market available in the world for blue fibre/and the difficulties of establishing the industry that their

was no room for more than one company producing and marketing fibre in W.A.

This Company asked the Government to exempt asbestos areas from pegging under the Mining Act.

This it was said could not be done and a Temporary Reserve of a large band of country in the Hamersley Range area was made.

This Company has always understood and been informed that no Mineral Claims could be pegged within the Temporary Reserve.

This Company has always been informed that the reserve was created to enable A.B.A. to develop, under difficult circumstances, without the fear of another party commencing to mine and market after A.B.A. had carried out the difficult developmental work.

This Company has understood that when extra areas were required these would

As having given up with the Co.

I understood that Reserve was created for the benefit of A.B.A. & that with this in mind I no longer have any share in the company of A.B.A. 1955

understand the meaning of the word "Reserve" as to the fact that the Reserve was made for the benefit of A.B.A. and that the Reserve was made for the benefit of A.B.A. and that the Reserve was made for the benefit of A.B.A.

Refer back

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be granted to A.B.A. from the Temporary Reserve and that whilst the reserve existed other parties could not peg Mineral Claims.

As a consequence, A.B.A. has merely continued over the years to apply for areas as operations extended beyond areas already held.

No attempt has been made to apply for or hold large areas of country which would otherwise be necessary to obtain long term security for a project the size and cost of the one at Wittenoom.

Thus, in 1958 a further ¹³¹⁰~~12,000~~ acres was applied for and granted to the Company.

These claims are to the West in the direction which the main incline is proceeding.

The Company estimates that its present claims only provide for perhaps 10 years mining allowing for barren and bear areas which have already been encountered.

This is a very short period in view of the extensive nature of the deposits and of the scale on which the project has been tackled.

Exploration by diamond drilling in the new areas has not yet proceeded far and no exact life can be estimated.

The Company's plan of development was to explore the existing Mineral Claims and to peg additional claims in the reserve as a result of the findings of this exploration.

This procedure would be utterly frustrated

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by indiscriminate pegging of claims on the boundaries of our existing workings. The apparent intention of such pegging is to restrict our further extension.

This company is ~~convinced that the Mines Department is also of the opinion that A.B.A. had a prior right to take up~~ claims in the Temporary Reserve.

The Company has never been informed to the contrary when, for example, new claims are applied for as in 1958, that sufficient areas must be pegged to cover all foreseeable future requirements.

In 1954 the Tariff Board was asked to force the use of blue fibre in Australia by means of a tariff on imported asbestos.

This action was taken to enable production to be increased at Wittenoom to give some security to the industry and to enable lower costs to be achieved by higher production.

The Board refused to recommend such a tariff and although a subsidy for the year ending 30th September 1956 was granted by the Western Australian and Commonwealth Governments this did nothing towards creating the necessary market for Australian blue fibre.

Both C.S.R. and A.B.A. have by frequent visits abroad endeavoured to build up the market for blue fibre.

Gradually they have managed to gain acceptance for the use of small quantities of blue fibre in some products ,

has a much right
etc due to its
claim on establishing
and industry

The Ontario
in fact George
no MC IV

Following on the TE
company decided
subsidy assistance
was granted to the
State of Western Australia
by decision of the
Board of the
Ministry of
Manufactures

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particularly for asbestos cement pressure piping for water reticulation.

In 1956 arrangements were made with the Johns-Manville Corporation in America for it to regularly purchase large quantities of blue fibre on the understanding that our fibre would be sold at prices to them that were competitive on the world's market with other fibres.

Largely due to efforts from this American corporation, through its licensees throughout the world, sales have been built up in Europe and Japan. The attached graph shows that for the year ended 30th June 1959 the volume of sales was 14,242 tons.

For the half year ended 30th June 1959 sales were at the rate of 18,000 tons per annum.

These may drop back to about 14,000 tons per annum rate for this current half year ending 31st December, 1959. World production and sale of asbestos of all types and grades, ignoring Russian production, is slightly over 1,000,000 tons per annum.

The great bulk of this is short white chrysotile asbestos fibre which occurs in huge deposits in soft serpentine rock, easily mined and cheap to produce.

This sells at a low price.

This type of asbestos fibre is quite satisfactory for most purposes for which asbestos is used.

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Blue crocidolite asbestos, such as is produced at Wittenoom and in South Africa, is a special grade and quality different chemically to white chrysotile.

It is only for quite special purposes. The total market for this general variety from various sources is about . tons per year.

This company has gradually managed to get about 14,000-16,000 tons per annum.

The total market for blue fibre is not increasing.

It is tending to decrease as major users find ways and means of using the more generally available and lower priced chrysotile asbestos in place of blue crocidolite fibre.

Johns-Manville Corporation, for example, own large white chrysotile mines in Canada and have been endeavouring to work out processes to use 100% white asbestos in pressure piping instead of using imported blue fibre. They are now using only half the percentage of blue fibre in their pressure piping as compared to what they were using a few years ago.

This development in the use of white asbestos will of course be encouraged by them and the use of blue fibre from South Africa or Australia is therefore decreasing.

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Russia is now producing and marketing on a large scale in Europe, a hard chrysotile fibre which is selling at prices as much as 25% below other chrysotile fibres.

This harsh fibre is even more suitable than Canadian grades as an alternative material for the special purposes for which blue fibre has been used.

Indications from our market investigations overseas are that sales for the calendar year 1960 will be considerably reduced as compared to the rate of sales during 1959.

Recent discussions in London with Cape Asbestos Co. Ltd. the main producer of blue asbestos in Africa, revealed a grave concern at the trend in the market.

The hope was expressed that Australia would not expand the production of blue fibre at present and extension by Cape Asbestos has ceased.

It is therefore most unlikely that the tonnage of fibre shipped from W.A. would be any greater if other asbestos mining concerns did commence operations.

Exports may decline as if the same quantity is produced by two separate parties, costs must be higher and selling prices would need to be greater for economic operation.

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The Domestic Market

In the last few years this company has been successful in getting local users to purchase an appreciable quantity of blue asbestos fibre.

Currently such users are absorbing .
4,000 tons per annum.

C.S.R. Company was only able to bring this about in order to provide our local market to give the much needed . security to blue asbestos production . in Western Australia by agreeing to cease the manufacture of asbestos cement building materials in Australia . and agreeing not to re-enter this business.

This was a very heavy price to pay to bring security to the blue fibre industry in W.A.

In fact, there is no longer any point in this Company being interested in the production of blue asbestos fibre unless the long term prospects are reasonably secure and reasonably profitable, which they have not been to date.

The C.S.R. Company has spent over .
£2,000,000 developing the asbestos industry in the Hammersley Range.

No profit has been received on this . investment over the entire period of 16 years since the project was commenced.

The accumulated loss of A.B.A. is .
£321,000.

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The Company has spent large capital sums to enable the mine and mill to be made more efficient and to enable production to keep ahead of the slowly growing market which it has been able to build up.

The following capital expenditure has been made at Wittenoom:

Year ending June 1957	£181,600.
" " " 1958	476,800.
" " " 1959	<u>303,500.</u>
Total:	<u>£961,900.</u>

The mill has a production capacity in excess of 20,000 tons of fibre per annum.

It has been hoped to gradually increase sales to this figure.

It has been planned to instal extra plant to enable higher recovery of fibre to be made from tailings thus making the industry even more efficient.

In view of the present threat to security all operations at Wittenoom coupled with signs of slackening in the world demand for fibre, all work of a capital nature as summarily ceased.

From the level of sales during the half year ended 30th June 1959 it had been hoped to be able to sell blue fibre at the rate of 18,000 tons to 20,000 tons during the calendar year 1960.

For this reason we have been operating

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over the past few months at a rate of approximately 400 tons of asbestos . per week.

Past experience has vividly shown us that suggestions of insecurity to the asbestos industry in W.A. results in reduced sales as purchasers will only order ahead from a stable organisation.

The company with this present threat to the security of operations and of the indications of lower sales in any case has reduced output from 400 to 300 tons per week until the position is clarified.

The present pegging of claims as shown on the attached plan is deliberately aimed at stopping expansion and the continued life of A.B.A.

This is the only conclusion which can be drawn in view of the vast area of asbestos bearing country elsewhere . which could have been pegged without interference to A.B.A.'s operations.

The area of the Temporary Reserve alone is 1,100 square miles.

The Company considers that having been induced to rely on the security of the Temporary Reserve and consequently not pegging claims for development years ahead it should have been warned of a change in the position.

Further, in view of the work of A.B.A. and its large investment some protection should be given within a radius of 5 miles of the present A.B.A. mine

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Further, that the company may be permitted to hold sufficient areas of asbestos bearing country to secure security of operation for 50 years.

The company's estimate is an area of 5,000 acres.

Without such safeguard the whole orderly progress of the blue asbestos industry in Western Australia will be endangered.

Blue asbestos occurs as a near horizontal seam only a few inches wide

As a consequence large areas are needed to produce a reasonable tonnage.

1. The company consider that the present claims pegged in the temporary reserve should be refused.

2. If it is intended to remove or change the present temporary reserve, the company is entitled to reasonable notice.

3. The company ought to be given the opportunity to obtain sufficient Mineral Claims to give it an assured operating life.

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T.G. 42 A

COMMONWEALTH OF AUSTRALIA—POSTMASTER-GENERAL'S DEPARTMENT

Funds may be Quickly, Safely and
Economically Transferred by
MONEY ORDER TELEGRAM

URGENT TELEGRAM

This Telegram has been received subject to the Post
and Telegraph Act and Regulations. The time received
at this office is shown at the end of the message.

The date stamp indicates
the date of reception and
judgment also, unless an
earlier date is shown after
the time of judgment.



Sch. C. 431-4/55

CHL No.

Office of Origin

No. of Words

Time of Judgment

7-WITTENOOM WA 55 10-37A

BLUEASBESTOS
PERTH WA

HANCOCK HAS APPLIED FOR FOUR THREE HUNDRED ACRES LEASES
FOUR MILES WEST B GORGE LEASES IN RANGE CREEK AREA STOP
OBJECTIONS REQUIRED WARDENS OFFICE MARBLE BAR ON OR BEFORE
ELEVENTH SEPTEMBER STOP ADVERTISEMENT APPEARED NORTHERN
TIMES THIRD SEPTEMBER RECEIVED HERE YESTERDAY STOP PLEASE
ADVISE IF YOU WISH ANY ACTION TAKEN REGARDING OBJECTIONS

ALLAN

Minut Sept Plan of same area

*W. Rodgers
Objections on the grounds
that he has worked up
site of construction - 15
miles for*

*4 15
note
13*

12/9/55