

April 10, 1945

Mr. T. O. Toon, President
Coast Fuel Corporation
Box 177
Marshfield, Oregon

Dear Ted:

Persuant to your request over the telephone this afternoon, I have computed relative costs and B.t.u. values for hogged fuel, sawdust, and your coal. I did not have time to do much scouting around for any books that contain tables showing how to compute costs per B.t.u. but feel that the calculation given in the example below will suffice.

Trusting that the material is satisfactory and that you can determine the information from it easily.

To Figure Cost Per B.t.u.

Multiply B.t.u. (dry basis) per lb. of fuel by 100% less moisture content. Multiply this figure by 2000 and divide by cents cost per ton of fuel.

Example:

10,000 (B.t.u.)
10% (moisture)
\$5.00 (cost per ton)

10,000
90% (100% - 10%)
9,000
2,000
18,000,000 divided by 500¢ = 36,000 B.t.u./¢

Sincerely yours,

Ralph S. Mason
Engineer

RSM: jr
Encl.

October 23, 1946

Mr. Max Bennett, Manager
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Bennetts:

Herewith is pencilled longitudinal section drawn along your haulage entry according to the information furnished on the map which you sent us. This map has been returned to you under separate cover.

Of course, relationships in the gulch ahead of your entry, as shown on the section, depend on the accuracy of the survey made by our survey party. The survey was made with a plane table over difficult territory and possibly an error crept in but our men do not think there is any material error. Evidence to corroborate this is shown as given in the third paragraph of John Allen's letter to me, copy of which is enclosed. Conditions in the gulch ahead of your tunnel indicate a probable fault zone. This is also shown in the drill holes we put down. These showed broken ground and a great variation in the thickness of coal encountered.

I should be very much interested to hear from you whether or not this fault zone is encountered in your tunnel. Judging by this longitudinal section, your tunnel would probably come out in the very bottom part of the gulch.

Yours very truly,

Director

FWL: jr
Encl.

September 30, 1946

Mr. T. O. Toon, President
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

Enclosed is copy of analysis which you gave this Department for our files.

The analysis submitted to you by the Southern Pacific Company represents a sample of your coal taken from Southern Pacific Car 95343.

Very truly yours,

Director

FNL:jr
Encl.

September 12, 1946

Mr. T. O. Toon
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

In our biennial report for the next Legislature I shall have a statement concerning mineral production figures and would like to have something definite on coal production.

Could you give me your production figures for both 1944 and 1945? As I remember it, there was very little in 1944.

Sincerely,

Director

FWL: jr

August 21, 1946

Mr. T.O. Toon
Coast Fuel Corporation
Coos Bay, Oregon.

Dear Ted:

You remember that I told you a week or so back that I was speaking before the Oregon Building Congress on Tuesday, August 26 at noon in the Chamber of Commerce dining room. I think that it would be perfectly all right if you came as my guest if you happened to be in town, but what I am writing this letter for is to ask you for production and development data concerning the mine as well as any white-ups you may have had concerning your past trials and tribulations which I might make use of in the talk.

Best regards,

John Eliot Allen,
Geologist.

JEA:djh

June 25, 1946

Mr. T. O. Toon
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

In response to your request I have obtained the following figures on the tonnage of coal consumed in Portland.

The Solid Fuels Administration gives a total of 70,000 tons of coal which was delivered to Portland for domestic and industrial use in 1942, with 125,000 tons delivered in 1943. These figures do not include any coal used by the numerous defense housing units. The Union Pacific Railroad hauled 209,600 tons in Portland in 1943, and 233,600 tons in 1944. This does not represent all the tonnage delivered to the Portland area, and not all of these amounts were consumed locally.

Reports by local dealers to the Solid Fuels Administration at Seattle indicate that from May 1, 1942 until April 30, 1943 141,440 tons were consumed in the Portland metropolitan area and 176,552 tons were consumed the year following. From May 1, 1944 to April 30, 1945 129,384 tons were supposedly consumed, although the S.F.A. office indicates that this figure is too low, and Mr. J. S. Chaney, Compliance Officer for the O.P.A., says this figure should be approximately 135,000 tons.

The pre-war consumption of coal in Portland hit a peak of 125,000 tons which included both domestic and industrial uses.

Sincerely yours,

Ralph S. Mason
Engineer

REM:jm

June 21, 1946

Mr. T. O. Teon
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Teon:

Mr. Charles Hughes, consulting engineer, has expressed to this Department the wish to do some testing work on Coos Bay coal and would appreciate it very much if he could secure 100 pounds of your slack for this work.

He requests that this amount be sent to him c/o Portland Gas and Coke Company, Portland. It is my understanding that he would have the coal forwarded to him from here.

Very truly yours,

Director

FNL:jr

January 28, 1946

Mr. T. O. Toon, President
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

Last Saturday I talked to an engineer who has worked for the Iron Fireman Company and I believe still is connected with that company in some capacity. I had talked to him before on several occasions concerning applicability of Coos Bay coal for use in the Iron Fireman stoker.

This engineer stated that he thought it would benefit your industry if a test run were made on the coal. In order to have this test made, he suggested that you write to Mr. Harry Banfield and request that the test be made on a sample carload of your coal and state that you believe the test is warranted because your project is of importance to the State and that it would be of benefit to determine characteristics of the coal as shown in a test run of the Iron Fireman stoker.

Very truly yours,

Director

FWL:jr

December 22, 1945

Mr. T. O. Toon
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

Thank you for the print showing the underground workings at the Southport Mine as of December 14, 1945. We are very glad to have this map in our records.

It may interest you to know that Ralph Mason calculated the reserves of coal in place, above the gangways being driven as shown on the map, at 60,000 tons. The factor used in the calculation was 24.5 cubic feet to the ton of coal. It was assumed that the average thickness of clean coal above the present entries is 4.3 feet.

With best wishes of the season.

Yours sincerely,

Director

FVL:jr

MINES:
COOS BAY, OREGON
Telephone 11R3

COAST FUEL CORPORATION
COAL PRODUCERS

COOS BAY, OREGON

April 29, 1948

Mr. F.W. Libby
702 Woodlark Building
Portland 5 Oregon

Dear Mr. Libby;

All our production costs are based on actual sales the daily sales were compiled before the daily cost sheet, we were never able to take into consideration our mine run production because about 20% ran to fines that were a total loss to us, a lot of the fines were stockpiled, but most of them were dumped in the creek, with a new operation that utilized all the fines, our costs would be considerable lower.

The average sales price for January was 4.42 and for March 5.28, the present average on the same production would be 5.91, these averages are based on percentages sold of Stoker, Nut and Lump,

I still insist that given the proper equipment and markets, We can produce coal at that mine for an overall cost of 2.00 or under.

Very truly yours


Max Bennett

RECEIVED
APR 30 1948
STATE DEPT OF GEOLOGY
& MINERAL INDS.

BUY OREGON PRODUCTS

Mines:
Coos Bay, Oregon
Telephone 11R3

COPY

COAST FUEL CORPORATION

Coal Producers

Coos Bay, Oregon

April 29, 1948

Mr. F. W. Libby
702 Woodlark Building
Portland 5, Oregon

Dear Mr. Libby:

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I still insist that given the proper equipment and markets, we can produce coal at that mine for an overall cost of 2.00 or under.

Very truly yours,

/s/ Max Bennett

April 28, 1948

Mr. Max Bennett
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Bennett:

I wish to thank you very much for your letter of April 26 enclosing statement of detailed costs of operating the Southport mine.

There is just one question which I need to get answered and that is in the production of 1500 tons for March 1946 and 4000 tons for January 1946, please let me know if these tonnages were of commercial coal production or if they were of coal hoisted out of the mine and put through the washing plant.

Again thanking you for your promptness in replying to my letter,

Very truly yours,

Director

FWL: jr

MINES:
COOS BAY, OREGON
Telephone 11R3

COAST FUEL CORPORATION
COAL PRODUCERS
COOS BAY, OREGON

April 26, 1948

RECEIVED
APR 27 1948

STATE DEPT OF GEOLOGY
& MINERAL IND.

Mr. F.W.Libby
702 Woodlark Building
Portland, Oregon

Dear Mr. Libby;

In compliance with your request for production costs per ton I have picked a high production and a low Production month at random from our records, The actual production costs are correct, but I have not included the amortization and depreciation figures, as well as some of the Administrative costs.

The administrative costs of any operation are in a way, what the operators make them, outside of the set costs. and the costs not included are the traveling, and expenses of the President at that time, the extra Stenographers and Publicity men, extra toll and telegraph costs, which are all reflected in our cost per ton, and which another operating Company would probably not have.

If you desire any further information please contact us and we will be pleased to furnish it.

Very truly yours

Max Bennett

COPY
COAST FUEL CORPORATION
Coal Producers
Coos Bay, Oregon

April 26, 1948

Mr. F. W. Libbey
702 Woodlark Building
Portland, Oregon

Dear Mr. Libbey:

In compliance with your request for production costs per ton I have picked a high production and a low production month at random from our records. The actual production costs are correct, but I have not included the amortization and depreciation figures, as well as some of the administrative costs.

The administrative costs of any operation are in a way, what the operators make them, outside of the set costs, and the costs not included are the traveling, and expenses of the President at that time, the extra stenographers and publicity men, extra toll and telegraph costs, which are all reflected in our cost per ton, and which another operating company would probably not have.

If you desire any further information please contact us and we will be pleased to furnish it.

Very truly yours,

/s/ Max Bennett



BUILDERS SUPPLY, Inc.

PHONE 5 - P.O. BOX 112
CENTRAL MOTORS BUILDING
COOS BAY, OREGON

Sept 7, 1948

Mr. F.W.Libby
State Dept Geology & Minerals
Woodlark Building

Dear Mr. Libby;

In answer tot your letter of August 23, from what information I have been able to gather the Overland Mine has been a non producer for the last year, The Gibbs mine has been working steadily with a crew of four men.

South Branch?

Sorry to be so late in answering we were away for a week as far as I know there are no other mines operating in this district

Very truly yours


Max Bennett

RECEIVED
SEP 7 1948
STATE DEPT OF GEOLOGY
& MINERAL INDS.

August 26, 1948

Mr. Max Bennett
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Bennett:

The last record of coal producers in the Coos Bay area other than the Coast Fuel Corporation contained the names of the Overland Coal Company and Leonard Gibbs of the South Slough Mine. Do you know if these properties have produced in the past year, also if there are any others which had some production?

Thanking you for any information you can supply,

Yours sincerely,

Director

FWL: jr

July 19, 1948

Mr. Max Bennett
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Bennett:

I am in the process of preparing our Biennial Report and would like to mention coal production segregated for the years 1946 and 1947. We have the production for 1946 but would like to obtain tons and value for 1947.

Thanking you for any assistance you can give me and with kind regards,

Sincerely yours,

Director

FWL: jr

April 22, 1948

Mr. Max Bennett
c/o Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Bennett:

I have an inquiry which makes it desirable for me to obtain cost of producing coal in Coos Bay, and it would be greatly appreciated if you could supply me with detailed unit cost figures, particularly of the last of your operation - that is, figures which would be considered by you to be the most economic period of your coal production.

These figures will not be published, but as stated above will be used to supply information to an important inquirer.

Very truly yours,

Director

FWL:jr

...Y, OREGON
phone 11R3

COAST FUEL CORPORATION
COAL PRODUCERS

COOS BAY, OREGON
6/9/47

Mr. F.W.Libby
702 Woodlark Bldg.
Portland 5 Oregon

Dear Mr. Libby;

I have a request from Mr. E.S.McCurdy Southport Land and Commercial Co. 220 Montgomery St. San Francisco, Cal. (our Land Lord) for a log of all the drill holes in the Southport area, He is very interested in knowing the depth of the holes at the various locations. Would you please mail him direct the information that you have, if there is any charge for reprints He will gladly pay the same.

There is a very strong possibility that the Southport Land and Commercial Co. May come in with us with the idea of expanding the operation to export size, and they have the knowhow and the money, Mr McCurdy is making a thorough study of our situation with the Idea of either helping us or if the mine and operation does not show merit, closing us down. I have mailed Him all the information that I have available from the time we started the operation.

Yours very truly

Coast Fuel Corporation

By Max Bennett
Max Bennett Mgr.

RECEIVED
JUN 10 1947

STATE DEPT OF GEOLOGY
& MINERAL INDS.

BUY OREGON PRODUCTS

JOSEPH DANIELS
Mining Engineer

Coal file

326 Mines Laboratory
University of Washington
Seattle 5, Washington
May 14, 1946

Mr. T. O. Toon, President
Coast Fuel Corporation
Coos Bay, Oregon

Dear Mr. Toon:

At your request I spent the period, April 28, 29, and 30 at the Southport Mine to acquaint myself with the conditions there and to make a diagnosis or appraisal of the general situation at the property. The mine and the surface plant were inspected, a limited review of operating records was made, and some time was devoted to conference with you and other officials of the company. The accompanying memorandum report summarizes my observation, and leads to some conclusions and recommendations. Obviously, with more time at my disposal more detailed material might have been submitted. In preparing the report I recognized the fact that much had been said and written about mining coal at Coos Bay, that what I had to do was to objectively examine a mine as it now exists and not to be biased or influenced by former opinions. I had to keep in mind the fact that virtually a new mine operation had been created under difficult conditions during a war period, and that cessation of hostilities had introduced complications in economic conditions, but had not altered the facts about the mine itself. I have tried, therefore, to center attention on the physical features of the property, what has been accomplished under the present management, and what the mining potentialities may be. Emphasis is placed on the producing unit and its product rather than on the perplexing problem of future markets for coal, even though that is an important, related question in determining future policy and plans.

I was pleasantly surprised to find a going mine producing a small tonnage of commercial coal under limiting operating conditions. The operating staff is competent, the mining method is modern, and the management is capable and functioning on the job in direct contact with production and marketing.

Very few mines, even rich gold mines, are not profitable from the start. It takes money, time, faith, and courage first to develop a property, then to operate it and bring it to the point where it produces income and profit. Coal mines are like some manufacturing business in that they must win or produce low-priced material in relatively large volume at a low cost.

The property shows tangible results for the expenditure and efforts

put into its development and equipment since it was acquired by your company. More funds are obviously needed in an attempt to cut operating costs, and to place the property in a position to expand. The mine at the present time has a limited capacity to produce, but it shows potentialities for increased production, provided high levels of operating efficiency are maintained and an adequate market becomes available. It will remain a small mine, or it may grow into a larger producer, or it may close, - all depends on whether venture capital can be secured to continue the operation in the expectation that working costs can be lowered, a sufficient market, and a fair selling price can be obtained.

One of our leading mining authorities has indicated that there are three phases or stages in most successful mining operations: One, the period in which large expenditures are made for exploration and equipment, production is small, and returns are virtually nil; two the active cycle of its life when production is large, costs are low, profits are high; three, the old-age or declining period, in which production tapers off, costs are high, the property becomes marginal and ultimately shuts down.

In my opinion, your mine is in this first stage; it has promise of future worth as a profitable producer, and deserves investigation by venture capital.

Very truly yours,

/s/ Joseph Daniels

JD:km
Enclosure