

ASSESSMENT REPORT

United Coal Mine – Underground Mine Development Section 75W Modification (DA 410-11-2002-i MOD 8)

BACKGROUND

The United coal mine is an underground longwall mining operation located approximately 16 kilometres west of Singleton in the Hunter Valley (see Figure 1). United's operations are largely situated beneath the Wambo (open-cut) coal mine.

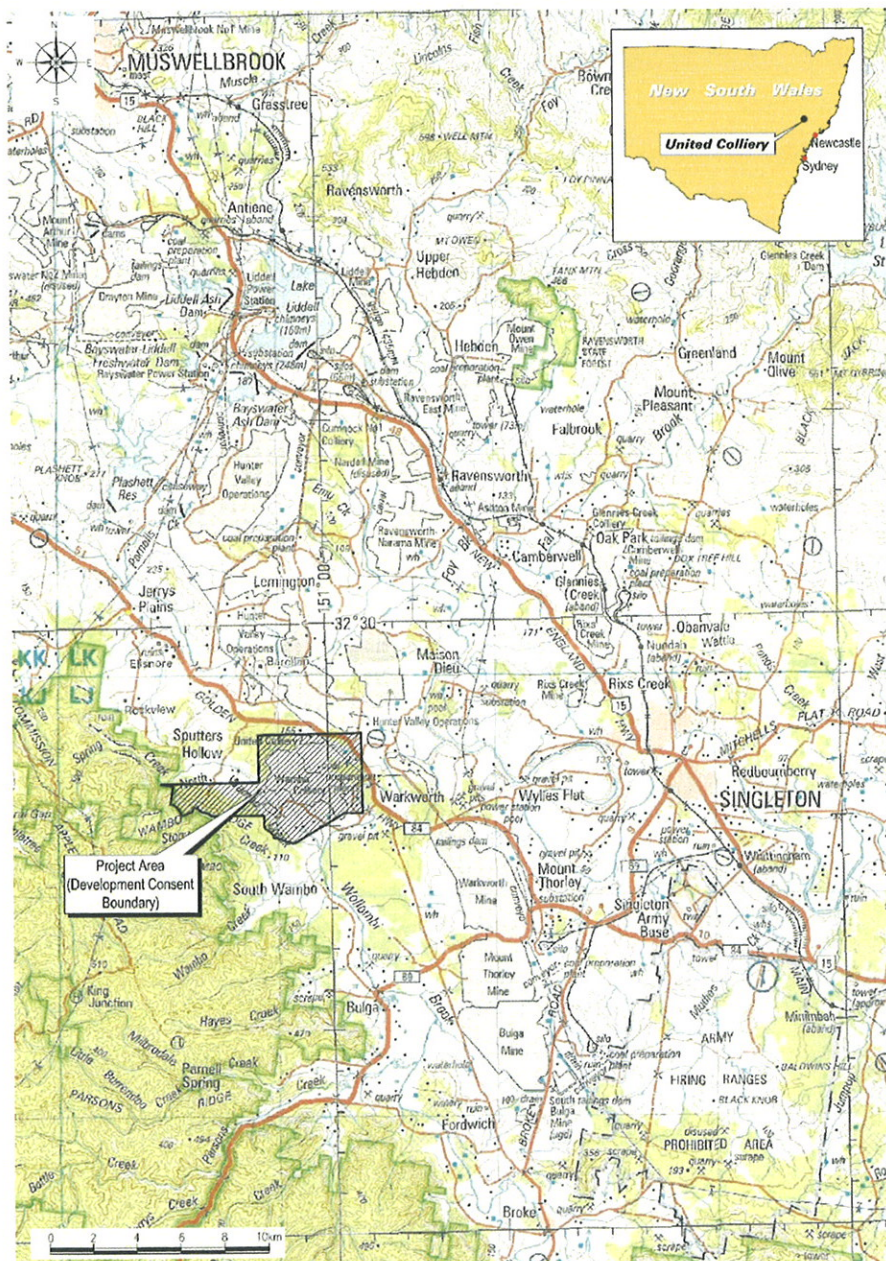


Figure 1: Regional Location of the United Coal Mine

The mine is owned and operated by United Collieries Pty Ltd (United), a subsidiary of Xstrata Coal, and currently operates under a Ministerial development consent that was granted on 21 November 2003.

This consent allows the extraction and on-site processing of up to 2.95 million tonnes of run-of-mine coal each year from designated areas within Consolidated Coal Lease 775. Processed coal is transported via internal haul road to the Wambo Coal Loader and then railed to Newcastle for export.

The consent was most recently modified in September 2008, to allow the mining of a further two longwall panels (Longwalls 10 and 11). United is currently extracting coal from within approved Longwall 8, and expects to commence extraction in Longwall 10 later this year (there is no Longwall 9).

MODIFICATION

On 24 April 2009, United lodged an application to modify its consent under Section 75W of the *Environmental Planning and Assessment Act 1979* (EP&A Act) to permit it to develop another smaller longwall panel to extract an additional 1 million tonnes of coal from the Woodlands Hill seam (Longwall 12).

The proposal also involved mine development works (or "first workings") in the Woodlands Hill and Blakefield seams to facilitate worker access and define the panel limits of Longwall 12.

However, in June 2009, as the assessment of the original proposal was close to finalisation, United informed the Department that significant geological constraints within approved mining areas (identified most recently in Longwall 11) had rendered it uneconomic to operate the mine beyond the completion of mining in Longwalls 8 and 10.

As a consequence, it announced that following the recovery of these reserves in March 2010, it would be placing the mine on care and maintenance until further notice as all economically recoverable underground reserves within the mining lease would have been exhausted.

United subsequently wrote to the Department in September 2009 stating that whilst it did not require consent to mine longwall panel 12 as originally proposed, it did wish to gain consent to carry out the mine development works in the Woodlands Hill and Blakefield coal seams.

The reason that the company wants to retain this element of the proposal is to provide it with an opportunity to develop underground mine access to a potential coal resource to the north west of Longwall 12 if this area is considered to be viable to mine in the future.

The revised proposal excises the longwall panel extraction and associated installation of surface support infrastructure and only seeks consent to carry out these mine development works. Longwall blocks 11 and 12 would be left in situ.

Figure 2 shows the existing and proposed longwall layout and the area of underground mine development works or "first workings" that the company is seeking consent for.

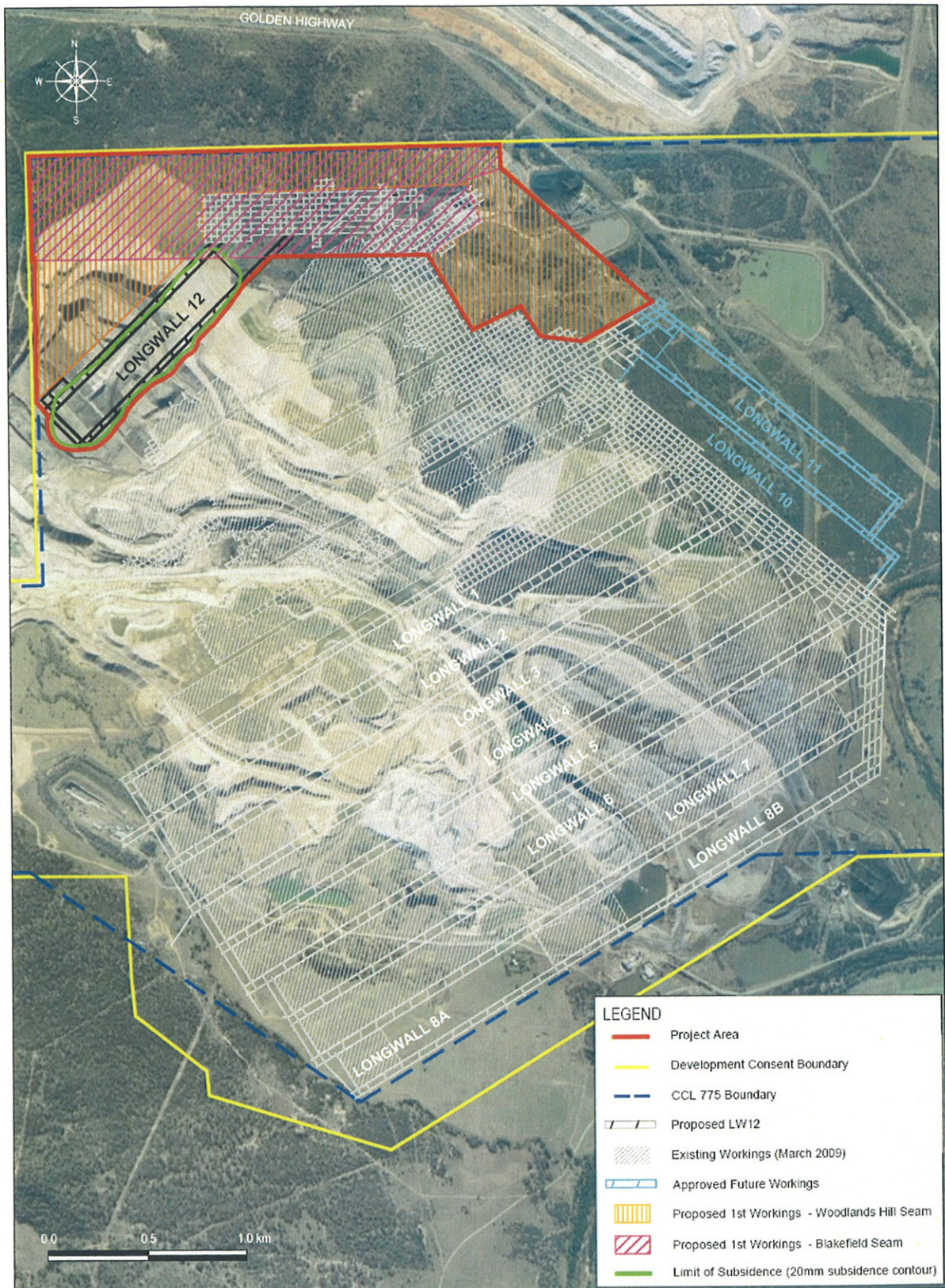


Figure 2: Longwall Layout and Proposed First Workings

STATUTORY CONTEXT

Assessment Process

Under Clause 8J(8) of the *Environmental Planning and Assessment Regulation 2000*, a development consent granted under Part 4 of the EP&A Act may be modified under Section 75W (i.e. Part 3A) of the EP&A Act, but only if:

- (a) *the consent was granted with respect the development that would be a project to which Part 3A of the Act applies but for the operation of Clause 6(2)(a) of State Environmental Planning Policy (Major Projects) 2005, and*
- (b) *the Minister approves of the development consent being treated as an approval for the purposes of Section 75W of the Act.*

On 10 December 2008, the Minister granted her approval for the development consent for United Coal Mine (DA 410-11-2002) to be treated as an approval for the purposes of Section 75W. Consequently, the application for the proposal may be assessed and determined under Section 75W.

The Department is satisfied that the proposed modification would not involve a "radical transformation" of the project and that it can be determined under Section 75W of the EP&A Act.

Consent Authority

The Minister was the consent authority for the original development application, and is consequently the consent authority for this modification application. However, the Executive Director, Major DA Assessments, may determine this application under the Minister's delegation of 4 March 2009.

CONSIDERATION

The mine development works as put forward in the revised proposal have been designed in such a way as to be self-supporting and long term stable. The Department is satisfied that these works would cause negligible, if any, subsidence impacts and, as a result, there would no residual environmental impacts associated with the proposal.

Furthermore, the approved environmental impacts associated with the mining of Longwalls 11 and 12 would now not take place. Other impacts associated with the washing and transporting of coal on the surface (e.g. noise and dust) would also be reduced in duration due to the shortened mine life.

Under the terms of the development consent, the company is required to prepare and implement a Rehabilitation and Offset Management Plan and a Mine Closure Plan. Conceptual versions of both these plans were submitted to the Department earlier this year and the company is currently working closely with the Department to ensure that these plans are developed in more detail to manage the residual post-mining issues.

The Department is satisfied that the existing conditions of consent provide an adequate framework to monitor and manage the mine for the remainder of its life.

CONCLUSION

The Department has assessed the application in accordance with the relevant requirements of the EP&A Act, including the objects of the EP&A Act and the principles of ecologically sustainable development.

The Department is confident that the proposal can be carried out with negligible, if any, environmental impact, and notes that by not mining Longwalls 11 and 12, the extent and duration of environmental impacts would be reduced.

From a socio-economic perspective, it is regrettable that the original proposal cannot proceed as it would have allowed employment continuity in the short to medium term and would have resulted in better resource recovery, with little environmental impact.

The Department should continue to work with the company to ensure that its rehabilitation and offset commitments are made good and that the closure of the mine and associated socio-economic impacts are managed as best as possible.

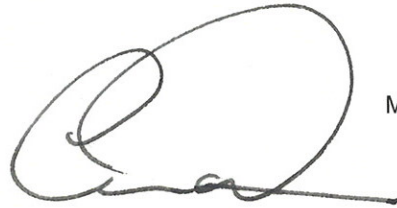
RECOMMENDATION

It is RECOMMENDED that the Executive Director, Major DA Assessments, as delegate of the Minister:

- consider the findings and recommendations of this report;
- determine that the proposed modification would not “radically transform” the approved development;
- approve the application, subject to conditions; and
- sign the attached notice of modification.

dkitto 1/12/09

David Kitto
Director
Industry & Mining



Chris Wilson
Executive Director
Major DA Assessments

Howard Reed
Howard Reed
Manager - Mining 30-11-09
9228 6308

3.12.09