

1.1**BACKGROUND**

Coal & Allied Operations Pty Limited (CNA) own the Hunter Valley Operations (HVO) mining complex located in the Hunter Valley.

The development of HVO has occurred through a process of expansion and acquisition. As a result there are a number of separate development approvals that apply to the operation.

The mining and processing activities at HVO are geographically divided by the Hunter River with movements of coal, overburden, equipment, water for operation, materials and personnel between the two areas. In general however, HVO manages the activities at HVO North and HVO South as an integrated operation.

HVO North comprises the active pits of West Pit, Carrington Pit and North Pit and the mined out Alluvial Lands. In addition three coal preparation plants are located in HVO North – Hunter Valley Coal Preparation Plant (HVCPP), Newdell Coal Preparation Plant (NCPP) and Howick Coal Preparation Plant (HCPP). There are two train load out areas: Hunter Valley Load Point (HVLP) and Newdell Load Point (NLP).

In 2003 to 2004 an Environmental Impact Statement (EIS) was prepared to allow the expansion of the HVO West Pit activities and allow the consolidation of 18 separate consents that related to HVO North (*West Pit Extension and Minor Modification EIS*).

HVO South comprises the Cheshunt Pit, Riverview Pit and Lemington Pits and the Lemington Coal Preparation Plant (LCPP). Coal from the Lemington operations can currently be trucked to Mount Thorley Coal Loader (MTCL) for train transport to Port Waratah (Newcastle).

Similarly to HVO North, there is now an opportunity to replace the current 25 separate consents and 13 associated modifications that apply to HVO South. These have been issued by both the Singleton Shire Council (SSC) and the Department of Planning (DoP). The granting of a Project Approval for HVO South under the new Part 3A process will result in one approval for the operation and allow for the surrender of the existing consents that apply to HVO South.

1.2**PROJECT PROPOSAL**

CNA proposes to undertake an environmental assessment and prepare a Project Application under Part 3A of the *Environmental Planning and Assessment Act 1979* to allow for the replacement of the existing consents, infrastructure upgrades, modifications and extension to mining at HVO South and ultimately obtain a single Project Approval. The proposal will allow for the following activities:

- Project Approval for HVO South under the new Part 3A process resulting in one approval for the operation and allowing for the surrender of the 25 existing consents and their various modifications that apply to HVO South;

- Continuation of approved opencut and highwall mining areas and the associated activities located in HVO South and described in previous applications and assessments;
- Mining of additional opencut, highwall and/or punch longwall mining areas within Cheshunt, Riverview and Lemington Pits;
- Approval for the production of 16 million tonnes per annum (Mtpa) of run of mine (ROM) coal across HVO South;
- Ability to use draglines and truck and shovels at HVO South as suits the operation. This will include the ability to use up to three large shovels and two draglines at any one time across HVO South;
- Upgrades and modifications to infrastructure including upgrade or replacement of the LCPP to allow processing of 16 Mtpa ROM coal and transport of product coal via haul road or overland conveyor to access Wambo rail spur, alternatively via a newly constructed rail spur adjacent to LCPP;
- Construction of infrastructure and stockpiles to support the LCPP and transport options;
- Ability for material and equipment movements across the HVO mining complex, from HVO North to HVO South, including ROM and product coal, rejects, overburden and water;
- Temporary heavy equipment crossings (including draglines, trucks and shovels) of Hunter River, Wollombi Brook and Jerrys Plains Road;
- Relocation of Comleroi Road;
- Relocation of powerlines, water lines and phone lines;
- Relocation or reconfiguration of the Hunter Valley Gliding Club (HVGC) airstrip and facilities, to accommodate the integration of the Riverview Pit with the South Lemington Pit 2.

The result of the grant of a single Project Approval for HVO South will be the formal integration of operations at HVO South into one effective operation.

Further details of the proposal are provided in Section 3.0.

It is noted that the following are not part of this Project Application

- Underground mining at HVO South
- Activities approved under the West Pit Consent (DA 450-10-2003)
- Activities approved under the various Mt Thorley consents and associated modifications
- Activities approved under the various Warkworth Mine consents and various modifications

Environmental Resources Management Australia Pty Ltd (ERM) has been commissioned by CNA to undertake the environmental assessment and prepare the associated report for the project. This initial Preliminary Assessment Report will be submitted to the DoP with the Project Application. Following receipt of the Director-General's requirements the final Environmental Assessment Report will be submitted to the Minister for Planning for Project Approval.

1.3 *PURPOSE OF THE PRELIMINARY ASSESSMENT*

This document is based on the Project Briefing Paper previously submitted to the DoP and has been prepared to:

- Provide a background for the project;
- Outline the key objectives and components of the project;
- Provide the statutory framework under which the assessment will be prepared;
- Outline the consultation strategy that is being implemented for the project;
- Detail the project risk assessment process undertaken to date and provide a preliminary justification for the proposed focus of the environmental assessment; and
- Provide a preliminary assessment to support the Project Application to the DoP.

Results of the Planning Focus Meeting (PFM) held on 11 July 2006, ongoing liaison with key stakeholders, results of the risk assessment and preliminary environmental assessments and subsequent Director General (DG) requirements will guide the environmental assessment.

1.4 *COMPANY PROFILE*

HVO is owned by Coal & Allied Operations Pty Limited. Rio Tinto is a major shareholder of CNA. Rio Tinto Coal Australia (RTCA) provides management services to all CNA operations.

CNA is one of Australia's largest producers and exporters of black coal. The company currently operates and manages three active opencut operations in the Hunter Valley: HVO, Mount Thorley Warkworth (MTW), and Bengalla Mine. The Mount Pleasant Mine is consented but not yet operational.

1.5

HISTORY OF HVO

The mining complex at HVO has resulted from acquisitions and mergers over the years:

- Mining originally commenced in the area around West Pit (formerly known as Howick) in 1949 and has continued until present times;
- Activities in HVO South commenced at Lemington Mine in 1971;
- CNA commenced mining Hunter Valley No. 1 Mine in 1979;
- In 1989, Kembla Coal and Coke, a wholly owned subsidiary of Conzinc Rio Tinto of Australia Ltd (CRA) and operated by Novacoal, a newly established business unit of CRA, purchased the Howick Mine;
- In 1998 Novacoal and CNA merged. Howick became part of HVO and was renamed West Pit;
- Lemington Mine was purchased from Exxon by CNA in December 2000;
- CNA operated HVO as a single entity with a corporate centre in the Hunter Valley servicing the operation; and
- In 2004 RTCA became the management company of CNA and HVO, resulting in the relocation of the corporate office to Brisbane, Queensland.

Due to similar mergers and acquisitions MTW is also managed by CNA and operations at HVO and MTW have the ability to interact, in particular with water management and equipment movements.

1.6

REGIONAL SETTING AND STUDY AREA

HVO is located approximately halfway between the towns of Singleton and Muswellbrook in NSW. Smaller villages in close proximity include Jerrys Plains, Warkworth and Bulga along with the community of Maison Dieu (refer to *Figures 1.1 and 1.2*).

Local industry and agricultural activities include power stations, coal mines, dairy farming, horse studs and wineries.

HVO is located within two local government areas (LGAs). The majority of HVO is located within the Singleton LGA. A small section of the northern part of HVO is located within Muswellbrook LGA.

The study area is directly surrounded by:

- HVO North including the active Carrington, North and West Pits to the north;
- Ravensworth - Narama and Ashton coal mines to the north east;
- Grazing land to the east and west;

- Private grazing properties, residences and MTW mine to the south east; and
- United Colliery and Wambo mines to the south west.

The location of HVO South in its regional and local settings is shown in *Figure 1.1* and *Figure 1.2*.

1.6.1 Land Ownership

The application area includes parcels of land, some with associated coal reserves, not owned by CNA. The parties potentially affected by the proposal include HVGC, the Construction, Forestry, Mining and Energy Union (CFMEU), United, Xstrata, Wambo (rail spur), SSC and Rural Lands Protection Board (RLPB). *Figure 1.3* indicates the land ownership.

Before certain aspects of the project proceed CNA will need to conclude commercial arrangements with these parties.

Discussions in progress include:

- Formalising existing CNA entitlements to access land areas; and
- Seeking commercial options with the parties to allow access, or purchase, of land and coal rights.

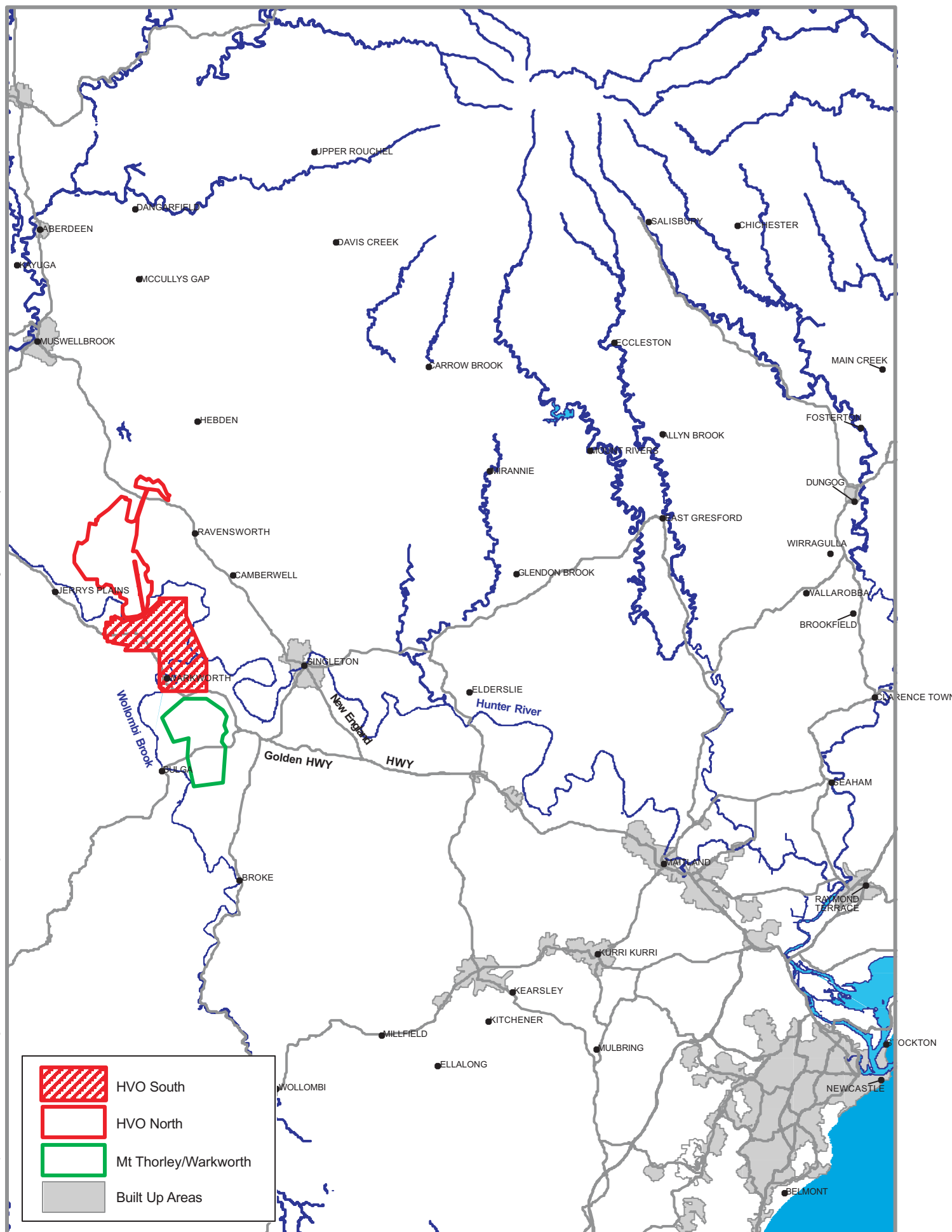


Figure 1.1

Location of HVO South in its Regional Setting

Hunter Valley Operations South Coal Project



Kilometres

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Figure 1.2

HVO South in its Local Setting