

ASSESSMENT REPORT BAAL BONE COAL PROJECT

Extension of Mining Term Modification (MP 09_0178 MOD 1)

1 BACKGROUND

1.1 Project Location

Baal Bone Colliery (Baal Bone) is an underground coal mine located 5 kilometres (km) northeast of Cullen Bullen and 25 km northwest of Lithgow within the Lithgow Local Government Area (see **Figure 1**).

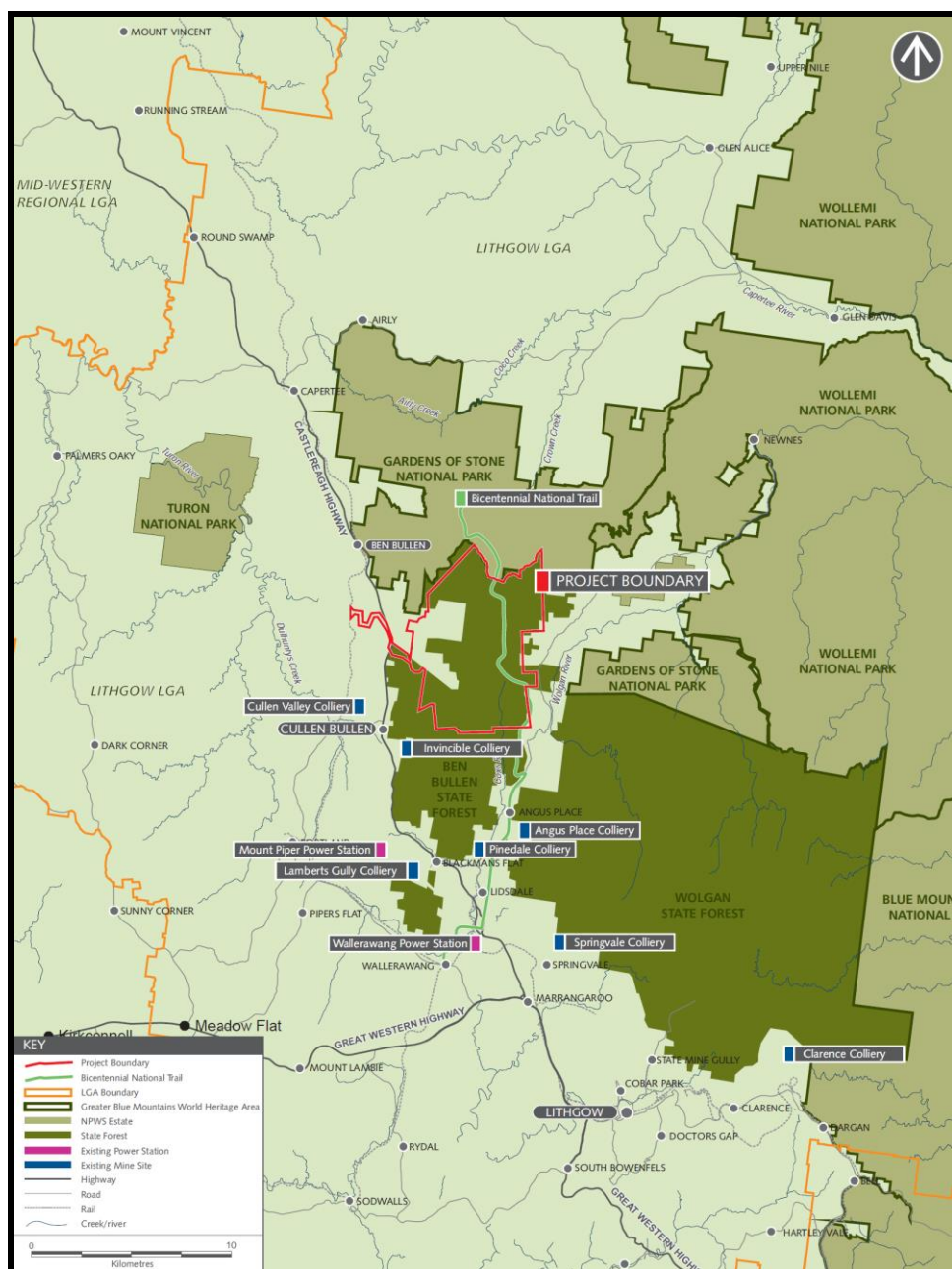


Figure 1: Project location

1.2 Project Setting and History

The mine is owned and operated by Wallerawang Collieries Pty Limited (Wallerawang). Formerly a joint venture, Wallerawang is now 100% owned by Oakbridge Pty Limited, a majority-owned subsidiary of Glencore Coal Assets Australia Pty Ltd.

Mining by open cut methods was first undertaken at Baal Bone in the 1940s and 1950s. Wallerawang purchased the site in 1979 and was granted a Ministerial development consent in 1982 to develop Baal Bone into an underground mine.

On 14 January 2011, the delegate of the then Minister for Planning approved the Baal Bone Coal Project under Part 3A of the *Environmental Planning and Assessment Act 1979* (EP&A Act). In summary, the project approval (MP 09_0178) allowed for:

- continuation of underground mining using longwall mining methods, to extract up to 2.8 million tonnes per annum (Mtpa) of run-of-mine (ROM) coal from the Lithgow Coal Seam in Longwalls 29-31;
- mining of identified 'remnant' coal associated with areas of existing underground workings (the remnant coal mining areas);
- continued operation of existing surface infrastructure to produce up to 2 Mtpa of product coal;
- continued transport of coal to market by rail and road; and
- site rehabilitation.

On 1 October 2012, Baal Bone was placed on 'care and maintenance' as a consequence of declining economic conditions in the mining industry. While Wallerawang was able to complete mining for Longwalls 29 to 31 prior to this date, it was unable to carry out mining operations within the remnant coal mining areas.

The project approval for the Baal Bone Coal Project allows mining operations to be undertaken until 31 December 2014. Consequently, Wallerawang is no longer able to mine these areas (see **Figure 2**).

2 PROPOSED MODIFICATION

Wallerawang has submitted an application, supported by an Environmental Assessment (EA, see Appendix C) to modify the project approval under section 75W of the EP&A Act. The application is seeking to amend the project approval to allow:

- mining operations to be undertaken until 31 December 2019, a five year extension of the present limit; and
- independent environmental audits to be commissioned and carried out every three years instead of every two years.

The proposed modification does not seek to change any of the project's other approved operations, including extraction methods, production rates and transportation operations.

3 STATUTORY CONTEXT

3.1 Section 75W

Following the repeal of Part 3A of the EP&A Act, the approved project is classified as a 'transitional Part 3A project' under Schedule 6A of the Act. The proposed modification must therefore be assessed under section 75W of the EP&A Act, despite its general repeal in 2011.

The Department has considered the nature of the proposed modification and is satisfied that it can be characterised as a modification to the approved project. The proposed modification would not result in any change to the project's production limits and transportation levels. Any resulting environmental impacts would be substantially the same as those of the approved project. Consequently, the Department is satisfied that the proposed modification is within the scope of section 75W of the EP&A Act.

3.2 Approval Authority

The Minister for Planning is the approval authority for the modification application. However, under the Minister's delegation of 10 November 2014, a Director or Manager who reports directly to the Executive Director, Resources Assessments may determine the modification application. This is because Lithgow City Council has not made a formal objection to the application, there were no public submissions by way of objection and a political disclosure statement has not been made.

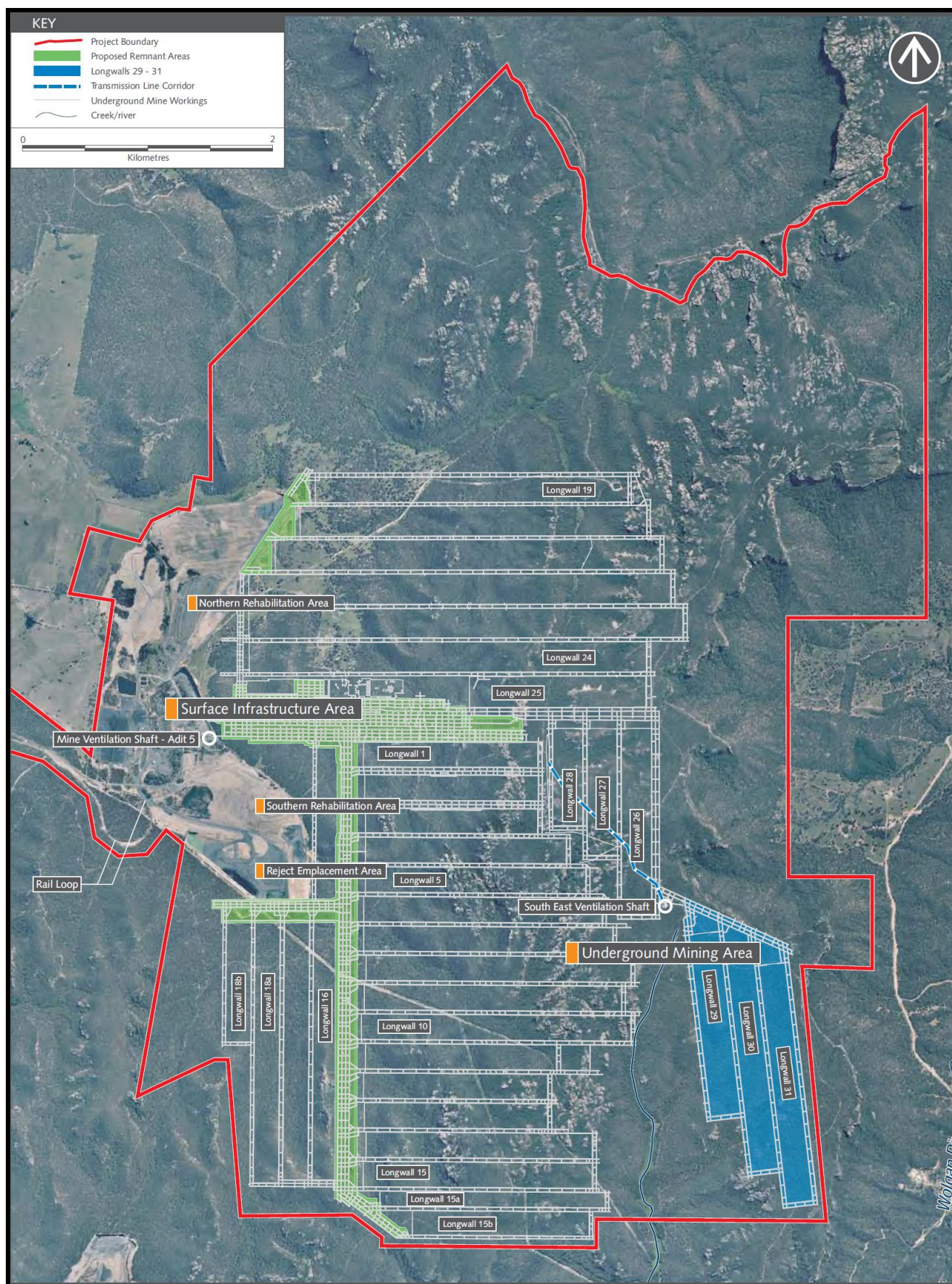


Figure 2: Baal Bone Colliery – project site including remnant coal mining areas

3.3 Environmental Planning Instruments

The Department has considered the relevant environmental planning instruments in its assessment and is satisfied that none of these instruments substantially govern the carrying out of the proposal.

4 ASSESSMENT

The application is administrative in nature, seeking an extension of time to undertake mining operations and amending the project audit period, and does not seek to change any of the project's other approved operations. It is therefore unlikely that additional impacts over those which have already been assessed and approved would result. Nevertheless, a merit assessment of the proposal has been undertaken. The current approval has been reviewed, and additional or updated conditions have been recommended where appropriate. The merit assessment and recommendations are summarised in Table 1.

Table 1: Assessment and recommendations

Issue	Impacts and Consideration	Recommendation
<i>Project Life</i>	<ul style="list-style-type: none"> The proposed modification would provide Wallerawang with an additional five year timeframe to complete secondary extraction of the remnant coal mining areas via partial extraction using a continuous miner, as approved in the original project. The EA concludes that the proposal would not result in any changes to potential environmental impacts identified and assessed in the original project. The Department agrees with this assessment. The Department also notes that the most significant aspects of the project have already been undertaken. As such, the Department considers that a five year extension of time for mining operations is appropriate to provide Wallerawang reasonable further opportunity to mine the remnant areas under more favourable economic conditions. 	The Department recommends that conditions are amended to allow Wallerawang to undertake mining operations on the site until 31 December 2019.
<i>Independent Environmental Audit (IEA)</i>	<ul style="list-style-type: none"> The existing conditions of approval require Wallerawang to commission at its own cost an IEA for the project by 31 December 2011 and every 2 years thereafter. In accordance with this condition, the next IEA is scheduled to be commissioned by 31 December 2015. However, the Department's current standard for IEAs for coal mining projects is 3 years. As such, the Department considers it reasonable to amend the project approval in order for it to be consistent with current standard conditions. 	The Department recommends that conditions are amended to require Wallerawang to commission at its own cost an IEA for the project by 31 December 2016 and every 3 years thereafter.
<i>Noise</i>	<ul style="list-style-type: none"> The project's noise emissions would not increase as a result of the modification given that there would not be any changes to the hours of operation nor the currently approved mining operations. The Department notes that, while the recommended extension of term is five years, mining of remnant coal mining areas is estimated to only take 2 to 3 years. The same three nearby residences identified in the original project application would potentially be impacted by noise from the continued operation of the mine. These private residences were either purchased from the mine or constructed after the mine began operating. The mine's noise impacts are also limited by existing conditions of approval and managed under a Noise Management Plan, which is subject to regular review. As such, the Department is satisfied that the 	No changes to existing conditions of approval.

Issue	Impacts and Consideration	Recommendation
	project's noise impacts can continue to be adequately managed.	
<i>Subsidence</i>	<ul style="list-style-type: none"> Subsidence impacts above those already assessed and approved are unlikely as there would be neither additional proposed mining areas nor changes to the approved mining method. The project approval requires Wallerawang to prepare a comprehensive Subsidence Management Plan (SMP) to manage any subsidence impacts from second workings. However, the Department's current standard condition requires the preparation and implementation of an Extraction Plan in lieu of an SMP. The Department considers that an updated project approval containing a requirement for an Extraction Plan would ensure that the project continues to adequately avoid, mitigate or manage any subsidence impacts of the project. 	<p>The Department recommends that the project approval is updated so that:</p> <ul style="list-style-type: none"> 'first workings' (ie bord and pillar) may be carried out as long as the Division of Resources and Energy is satisfied that the first workings are designed to remain long-term stable and non-subsiding; and all 'second workings' are subject to an Extraction Plan prepared and implemented to the satisfaction of the Secretary.
<i>Other</i>	<ul style="list-style-type: none"> Aboriginal heritage, air quality, ecological, socio-economic, surface water, groundwater, traffic and transport impacts and proposed rehabilitation were all assessed in the EA. The Department is satisfied that existing conditions of approval adequately manage these impacts. 	No changes to existing conditions of approval.

5 RECOMMENDED CONDITIONS

The recommended conditions (see Appendix A) would amend the project approval to allow mining operations at the site until 31 December 2019 and require IEAs to be commissioned every 3 years instead of every 2. The Department has also taken the opportunity to update various definitions and names within the approval and to impose a requirement for an Extraction Plan. All recommended changes to the project approval are shown in Appendix B. Wallerawang has reviewed and accepted the recommended conditions.

6 CONCLUSION

The modification application would not result in changes to the project's approved operations but would effectively allow Wallerawang to undertake mining operations within remnant coal mining areas sometime within the next five years.

The application has been assessed in accordance with the relevant requirements of the EP&A Act. The Department is satisfied that the proposed modification would not result in additional environmental impacts over and above those already assessed and approved. The Department considers the project continues to have merit due to its socio-economic and rehabilitation benefits, and that the proposed modification is in the public interest and should be approved, subject to conditions.

7 RECOMMENDATION

It is **RECOMMENDED** that the Manager, Mining Projects:

- **consider** the findings and recommendations of this report;
- **determine** that the proposed modification is within the scope of section 75W of the EP&A Act;
- **approve** the proposed modification under section 75W of the EP&A Act; and
- **sign** the attached Notice of Modification (Appendix A).



Howard Reed
Manager
Mining Projects

11.2.15

APPENDIX A: RECOMMENDED NOTICE OF MODIFICATION

APPENDIX B: RECOMMENDED CONSOLIDATED CONSENT

APPENDIX C: ENVIRONMENTAL ASSESSMENT

The Environmental Assessment is available via the following link:

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=6756