

**Report of the Duralie Coal Mine Community Consultative Committee
Held Thursday 7 August 2008**

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Present: Mr J Chadban, Mr T Tersteeg, Mr A Fisher-Webster, Mr D Lanham, Ms H Gillard, Mr T Hutchings, Mr J Trotter.
Guest: Mr M Hartwell (DECC/EPA), Mr J Benson
Apologies: Mr G Handford

The Chairman opened the meeting and welcomed Mr Mark Hartwell from the EPA.

Confirmation of Minutes Of Previous Meeting Held 1 May 2008:

Minutes of the last meeting were confirmed and accepted by the Committee (moved by Mr Doyne Lanham, seconded by Mr Alan Fisher-Webster).

Business Arising from the Previous Minutes:

Nil

General Business:

Water and Noise

Mr Hartwell advised the Committee that EPA's Noise Science Section had been provided with certain documentation initially provided by the Committee Chairman. This documentation included noise surveys prepared by Vipac Engineers and Scientists and Spectrum Acoustics. The Noise Science Section reached conclusions regarding noise compliance by Duralie Coal in the context of the reports provided and reviewed. These conclusions included the findings that there was no evidence of "sustained non-compliances" or a breach (as defined by the NSW Government's Industrial Noise Policy) of the Environment Protection Licence (EPL) noise limits by Duralie Coal.

Regarding the Spectrum Acoustics report, Ms Gillard stated that Spectrum Acoustics were commissioned to provide a layperson's understanding of the noise situation at her property.

Mr Hartwell stated that EPL noise limit conditions do not apply under temperature inversions and that not a lot of noise complaints have been received by the EPA on their pollution complaints line (131555). He also said that the level of complaints received gives the EPA an indication as to the scale of a particular pollution problem. If no complaints are received then the EPA considers that there is not a problem.

Mr Hutchings stated that Duralie Coal was investigating the noise mitigation benefits of constructing a noise bund on the eastern side of the Western Haul Road, had established an additional truck park up area in pit and that quieter haul trucks ("XQ trucks") were under consideration for the upcoming new mining contract.

Mr Hartwell advised the Committee that the Industrial Noise Policy was underpinned by the premise that 98% of the population would not be affected by noise and that 2% would be affected (in terms of their reaction to noise).

Mr Tersteeg stated that Spectrum Acoustics had said that the noise limit had been exceeded at the Gillard property. The Chairman replied that this statement was not consistent with the EPA's conclusions.

Mr Hartwell discussed the consideration of more noise monitoring and the possibility of “real time” monitoring. He also stated that the mine does not monitor at sites identified in Development Consent Conditions (2006) but, however, was not obligated to.

Mr Lanham stated that he wanted a monitor at a problem location.

Mr Hartwell advised the Committee that it could write to the EPA to vary the EPL to require additional monitoring. Upon such a receipt, the EPA would consider the request. Duralie Coal would receive an EPL variation draft for their comment. Mr Harwell suggested that it may be better that an initial approach regarding additional monitoring be made to Duralie Coal.

Mr Trotter advised that Duralie Coal was currently considering the capability and merit of “real time” noise monitoring.

Regarding the lodgement of noise complaints, Ms Gillard informed the Committee of her frustration with the mine’s Complaint’s Hotline. She spoke of “getting a call centre in India” and associated communication difficulties. She also spoke of a next day response. Mr Trotter advised the Committee of the escalation protocol for contacting mining company personnel by the complaints handling contractor. Mr Trotter also stated that complainants at times advised the complaints handling contractor that a call back was not required or for “no need to call back tonight” instruction etc.

Mr Tersteeg stated that no action is taken by Duralie Coal on noise complaints as evidenced by the complaints listing supplied to Committee members. Mr Tersteeg also stated that everytime there is a noise complaint, Duralie Coal blame weather and temperature inversions. He also felt that due to the valley structure about the mine, temperature inversions are very common and should be taken into account in all noise monitoring. Mr Trotter replied to Mr Tersteeg’s comments regarding inaction.

Regarding water issues raised by Committee members, Mr Hartwell advised that he was yet to receive internal advice on this matter.

Report on Environmental Monitoring

(comments applicable to results tabled since last meeting)

Mr Trotter advised the Committee of the following regarding monitoring:

pH – all sites behaved similarly and were neutral to marginally alkaline.

Electrical conductivity (EC) – ranged from approximately 100 to 1170 uS/cm across sampled sites. Highest EC result from upstream Coal Shaft Creek location (May 2008).

Total suspended solids (TSS) – ranged from 2 to 124 mg/l. Highest values recorded were at the Coal Shaft Creek rail culvert (April) and the lower reach of Coal Shaft Creek (June).

Dust deposition – results all under the EPA limit for all sites with the exception of Site D3 in May. This high result was attributed to contamination by bird droppings. After some Committee discussion on repeat problems with bird droppings, it was decided to trial the establishment of alternative perching site(s) near the D3 dust gauge in an attempt to make the gauge post less attractive to birds. The rolling average for all sites other than Site D4 was all under the EPA limit. It should be noted that Site D4 has, on several occasions in the last year, been subjected to non-dust contamination.

High volume dust – recent results all appreciably less than the applicable EPA limit. Rolling average results indicate an appreciable decreasing trend over the year.

Rainfall – relatively dry period for the last three months following a very wet April.

Blasting – data on 31 blasts presented. No exceedance of EPL blasting limits. A blast on 24 April was not monitored due to monitors being off duty at the time of the blast. A report on the unmonitored 24 April blast was provided to the EPA.

Complaints – ten tabled and one verbal (more recent). All noise related. Refer to earlier discussion on noise generally.

Two April Noise Survey Reports were provided to Committee members prior to the meeting. There was no discussion on these reports during the meeting.

Mr D Lanham requested at the May meeting of the Committee that members of the Committee receive an aerial photo showing surface water and noise monitoring locations. Two plans were given to Committee members as requested.

Part 3A Application Preparation

A newsletter providing information on progress with the pending Part 3A application was provided to Committee members prior to the meeting. Duralie Coal anticipates that the application will be submitted to the Department of Planning next month.

Mr Lanham suggested that the Committee put a case for additional community funding. The Chairman advised that an approach on this matter by Great Lakes Council would be made at a later date. The Committee resolved to ask Great Lakes Council, upon receipt of Department of Planning advice regarding the Part 3A application, to seek additional community contribution funding.

Site Water Management Plan

The current version of the Site Water Management Plan was provided to members of the Committee prior to the meeting (in addition to the Environmental Monitoring Plan).

Mr Lanham drew the attention of the Committee to the fact that sediment dams at the mine were designed to contain runoff from a 1:20 year 1 hour storm event. He felt that this was inadequate. Mr Trotter stated that this design criteria was acceptable to the Department of Water & Energy and Department of Planning by virtue of their approval of the Site Water Management Plan.

Mr Lanham also commented about the wording of Section 9 of the Plan regarding the proximity of mining to Mammy Johnsons Creek and the associated floodplain.

Mine Water Storage

Mr Trotter advised the Committee at the last (May) Committee meeting that Duralie Coal was evaluating options to address mine water storage capacity on site. In the intervening period since the last meeting, Duralie Coal had:

- sought and received approval from the Dams Safety Committee to raise the Mine Water Dam spillway by 0.5m (to provide an additional 110ML capacity);
- had preliminary discussions with the Department of Primary Industries – Minerals, Department of Water & Energy and the Department of Planning regarding the construction of up to three additional storage dams. These dams to be referred to as Auxiliary Dams 1-3;
- purchased three additional travelling irrigators to facilitate more time efficient irrigation;
- commenced installation of infrastructure to allow irrigation to be undertaken on both rehabilitated and non-rehabilitated sections of the out-of-pit waste dump. Irrigation to be undertaken in accordance with the Irrigation Management Plan; and
- lodged an EPL variation application with the EPA to permit a trial controlled discharge of 500ML of water from the Mine Water Dam to Mammy Johnsons River via Coal Shaft Creek.

Mr Lanham stated that he was not happy that Duralie Coal had undertaken work in the area of water storage/management without first holding an extraordinary meeting of the Committee as was agreed at the last Committee meeting. Mr Trotter advised that largely only planning works had occurred and progress was quite recent, negating the need for an extraordinary meeting was deemed not necessary in light of the timing of this meeting.

The Chairman stated that the Committee had grave concern about discharge of mine water to the local river. The Chairman also stated that the Committee would make representation to the Great Lakes Council expressing its concerns about any application to vary Duralie Coal's licence that would permit direct discharge to Mammy Johnsons Creek. Duralie Coal agreed to send out information on the discharge proposal to Committee members.

NSW Minerals Council Environment & Community Conference

Mr Tersteeg advised the Committee that he had been chosen to present a paper at the upcoming NSW Minerals Council Environment & Community Conference to be held at Leura in November. Mr Tersteeg asked whether the Committee would like a verbal summary of this proposed talk however the Committee did not take up this offer. The Committee resolved to meet Mr Tersteeg's reasonable costs and expenses associated with his attendance at the conference.

Local Government Elections 13 September

The Chairman advised the Committee that he would not be seeking re-election at the upcoming elections. As such, this meeting would be his last as Committee Chairman. Various members of the Committee thanked Mr Chadban for his involvement with the Committee and his impartiality shown. He was wished a long and happy retirement.

Community Contributions

The Chairman advised the Committee that advertisements seeking information on potential projects for community funding would be placed in November.

Meeting commenced at 10am with a site inspection and closed at 1.50 pm.

Next Meeting: Thursday 6th November 2008 at 10.00 am.



DURALIE COAL MINE PROPOSED TRIAL RELEASE OF WATER

Background

The original Duralie Coal Project, as described in the Environmental Impact Assessment (DCPL, 1996) included an on-site Coal Handling and Preparation Plant (CHPP). Water quality in contained water storages on site was predicted on this basis. However, in accordance with subsequent government approvals, the CHPP was not constructed and raw (unwashed) coal is railed to Stratford Coal Mine. Hence operational water that is contained on-site is of much better quality than was anticipated, as no CHPP water or tailings return water is held on-site.

Duralie Coal Mine (DCM) operates in accordance with the DCM Site Water Management Plan and DCM Irrigation Management Plan that have been approved by the Department of Planning (DoP). DCM environmental monitoring is detailed in the DCM Environmental Monitoring Program and includes both local and regional water monitoring sites.

In 2005, Duralie Coal Pty Ltd (DCPL) amended its water management regime at the DCM when regular reviews of the Mine Water Dam (MWD) capacity indicated that additional water management measures were required to reduce accumulating on-site water. This resulted in the development of extensive additional irrigation areas via amendment to the Irrigation Management Plan which were approved by the DoP in August 2005.

Operating under the revised Irrigation Management Plan, DCPL significantly reduced stored on-site water in the spring/summer of 2005/2006 and 2006/2007. At the end of March, 2007, (4 years after commencement of operations) the MWD was less than 30% full. The dam had previously peaked at 65% in July 2005.

For the period August, 2006 to February, 2007, DCPL irrigated 518ML. In the same period, actual rainfall 598mm, against an average 633mm.

For the period August, 2007 to February, 2008, DCPL irrigated only 249ML. In the same period, actual rainfall 800mm, against an average 633mm.

Current Situation

Due to recent, higher than average rainfall over a short period, combined with a wet 2007/2008 summer which significantly reduced mine water irrigation opportunities, the storage level of the MWD is currently at 84%. Consequently operational challenges in terms of water management for DCPL for the currently

approved remaining life of the DCM (approximately four years) are expected, should the recent weather patterns repeat.

If such arises, then DCM may, as a last resort, have to contain significant quantities of excess water in the mining pit. This would interrupt operations and could potentially lead to a substantial loss of jobs. DCM employs some 90 people (employees and full time local contractors) and makes a significant contribution to expenditure in the region.

DCPL is undertaking a range of additional water management measures to reduce the risk of the MWD filling, including:

- Control improvements to clean water seepage into the MWD;
- purchase of additional irrigation equipment to take better advantage of dry periods;
- increased irrigation on waste dumps as suitable areas become available; and
- construction of additional on-site mine water storage capacity (subject to appropriate regulatory approvals).

Currently, some “in pit’ storage space (which would not hinder current mining activities) is available in the event that short term additional water storage is required.

Subject to obtaining environmental approvals via Part 3A of the *Environmental Planning and Assessment Act, 1979*, DCPL plans to extend the life of the DCM beyond the currently approved next four years in order to develop known coal resources within and adjacent to the current mining area. This will ensure continuing employment in the local area. It is anticipated that additional irrigation areas would be identified as part of the Part 3A studies for the mining extension and may include irrigation of surrounding pastures to increase water disposal by irrigation.

The Environment Protection Licence (EPL) Variation Trial Proposal

As one of a number of options to efficiently manage excess water, DCPL is seeking an EPL variation for a trial release of up to 500ML from the MWD, using very conservative downstream controls over a period of up to two (2) years. This period has been predicted as the time required to achieve suitable “windows” of opportunity to undertake a controlled release when creek and river flows permit.

DCPL believes that a trial release as proposed, were it to be approved, will not harm the environment.

Analysis of the Proposal

Investigations by external specialist consultants and experts have been undertaken and confirm the practicality and the conservative environmental management of this proposal.

DCPL’s hydrological consultant has determined that there is opportunity to release the proposed volume of water and that the probability of the MWD reaching its full storage level during the remaining life of the DCM would be reduced from 10% to 3% by such a controlled trial release. This probability would be further reduced over the life of the mine as DCPL is also making a number of improvements to the following on-site water management aspects, as described above.

Water Quality

The quality of the water (end July, 2008) held in the MWD was 1,200 $\mu\text{S}/\text{cm}$ (electrical conductivity (EC)) and pH 7.4.

Note that measurement of EC is a simple way of estimating salinity. Salinity is strictly a measurement of dissolved salts and requires a laboratory test. To allow efficient field testing, a hand held probe measuring electrical conductivity is normally used. The idea being that a salty solution, because it is full of charged particles will conduct electricity. Most conductivity meters give readings in micro Siemens per cm ($\mu\text{S}/\text{cm}$).

In the surrounding area, naturally occurring EC's are higher under lower river flows and EC's are low in high flows.

As a guide, most fresh drinking water will have less than 100 $\mu\text{S}/\text{cm}$ conductivity, and seawater has conductivity of around 54,000 $\mu\text{S}/\text{cm}$.

Note also that water quality objectives for the Karuah River and Great Lakes Catchments contained within the EPA's "Water Quality and River Flow Interim Environmental Objectives" (2000) include the following:

- Drinking water should have an EC <1,500 $\mu\text{S}/\text{cm}$ and indicates that water with an EC >800 $\mu\text{S}/\text{cm}$ causes a deterioration in taste; and
- Livestock water supply should have an EC within the range of less than 3,000 and up to 9,000 $\mu\text{S}/\text{cm}$, depending on the type of livestock and other factors, in order to maximise the production of healthy livestock.

It is easy to conclude that the quality of the water held in the MWD is far from being "nasty mine water".

In Conclusion

Some of the additional management measures outlined above will require approval from the relevant authorities including the NSW DECC and Department of Planning (DoP) before becoming part of the Mine's existing Management Plans.

The Company will ensure that it receives all necessary approvals prior to adjusting its operating procedures.

The Company remains in close consultation with the relevant government departments regarding water management initiatives and will continue to work closely with the Government and local community to progress the approval process.

Duralie Coal Mine devotes significant resources to caring for and protecting the local environment and is committed to working closely with local residents to ensure it continues to play its positive and important role in the community.