

Waratah Coal

Waratah Coal Rail Alignment through Mining Lease Applications 70426 and 70425



SUBMITTER NUMBER	364	ISSUE REFERENCE	20000
SUBMITTER TYPE	Government	TOR CATEGORY	Project Description
NAME	DEEDI (Office of Advanced Manufacturing)	RELEVANT EIS SECTION	Volume 3, Rail (Chapter 4 – Project Description), Section 4.2.4.3 – Exploration Permits and Leases

Waratah Coal Pty Ltd · GPO Box 1538, Brisbane Q 4001 · www.waratahcoal.com

### **Executive Summary**

This report provides clarification on issues raised by DEEDI (Office of Advanced Manufacturing) regarding the final location of the China First Coal Rail alignment traversing Mining Lease Application 70426, commonly known as "Alpha Coal" owned by Hancock Coal Pty Ltd, and Mining Lease Application 70425, commonly referred to as "Kevin's Corner" also owned by Hancock Galilee Pty Ltd. In particular, the Department requested that Waratah Coal achieve an agreed outcome with Hancock Coal (GVK) on the rail route through the ML applications as it relates to the potential impacts of the planned accommodation village.

This report sets out to explain the history of rail alignment designs by Waratah Coal since the Galilee Coal Project (Northern Export Facility) Project inception in 2008. There were a total of three options designed to mitigate several impacts the various alignments had on Hancock Coal's 'Alpha and Kevin's Corner' Projects and surrounding graziers.

The rail alignment traversing through the Alpha and Kevin's Corner Projects is commonly known as 'Option 3'. The option 3 alignment was derived from an iterative design process of developing rail alignment options 1 and 2.

Rail alignment 'Option 1' was the original alignment developed by Waratah Coal in 2008 as part of the Initial Advice Statement for the "Galilee Coal Project (Northern Export Facility)". This alignment impacted upon the future conceptual developments of Hancock Coal's "Alpha Coal" Project.

Rail alignment 'Option 2' was developed to avoid interaction with Hancock Coal's "Alpha Coal and Kevin's Corner" Projects. Option 2 however, had unacceptable impacts on several graziers by dissecting their properties.

The final rail alignment, 'Option 3', was developed as a compromise between Grazier's and Hancock's concerns. The option 3 alignment traversed the western boundaries of the affected grazing properties and navigates clear of Hancock infrastructure. The alignment is set back to have reasonable buffer zones to the proposed 'Alpha and Kevin's Corner' mine infrastructure.

Correspondence with Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines on the 3rd of October 2012, highlighted interactions with the proposed rail alignment and Hancock infrastructure. Key pieces of infrastructure included the accommodation village, airstrip, rail loops and tailings storage facilities. The proposed Kevin's Corner accommodation village and airstrip were sufficiently set back from the rail to not be grossly affected. The rail loops being proposed by Alpha and Kevin's Corner are appropriately located to splice into the Waratah Coal rail alignment. It is considered that there will only be one rail alignment from the Galilee Basin as per State Government policy. The Waratah rail alignment embankment is positioned upslope of the Hancock Tailings Storage Facility (TSF) and would be designed with water management and stream diversion structures above the full supply line of the TSF. Finally, the proposed alignment does not sterilise coal resources derived from the C and D seams as they sub-crop well to the west of the proposed rail alignment. The deeper E and F seems which are thought to sub-crop near the proposed alignment, are considered by Hancock as uneconomical in this area.

Correspondence to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd, was sent out on the 28th September 2012 for comment. Waratah Coal is in receipt of a letter from a potential Galilee

Basin coal developer from the 26th October 2012. The letter was marked "Without Prejudice", and as such Waratah Coal cannot make any comment regarding information contained in this letter public or provide mitigating measures as requested by the Department on the impacts Waratah Coal's rail alignment may or may not have on the Alpha (ML application 70426) and Kevin's Corner (ML application 70425) Projects.

Waratah Coal later sent a follow up letter on the 30th October 2012 to Mr Andy Mifflin, Manager of the Kevin's Corner project. The letter requests from Mr Mifflin's comment on potential impacts the Waratah Coal rail alignment may have to his Project. To date, no response has been received from Hancock Coal to this letter.

### **Table of Contents**

Executive Summary2
Table of Contents4
Introduction5
Option 1
Option 212
Option 315
Conclusion22
Appendix A
Letter to Keith Davies, Coordinator General – Waratah Coal Corridor
Appendix B
Letter from Landholder 1 Appendix withheld from public review for reasons of landholder confidentiality
Appendix C
Letter from Landholder 2 Appendix withheld from public review for reasons of landholder confidentiality
Appendix D
Letter from Landholder 2 Appendix withheld from public review for reasons of landholder confidentiality
Appendix E
3 <sup>rd</sup> of October 2012 Letter from Waratah Coal to Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines
Appendix F
12 <sup>th</sup> of December 2012 Letter from Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines to Waratah Coal37
Appendix G
28 <sup>th</sup> of September 2012 Letter from Waratah Coal to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd
Appendix H41
30 <sup>th</sup> of October 2012 Letter from Mr Nui Harris, Managing Director of Waratah Coal, to Mr Andy Mifflin, Manager Kevin's Corner Project41

### Introduction

Waratah Coal Pty Ltd proposes to develop the China First Coal Project within the Galilee Basin, 35 km north-west of the township of Alpha. The China First Coal Project is an integrated Project developing new coal mines and a high capacity rail system, and using future coal export facilities at the Port of Abbot Point to export high quality thermal coal to international markets. The rail being developed is a heavy haul standard gauge rail system capable of handling 20,000 tonne trains and stretches over 453 km from the mine to the boundary of the Abbot Point State Development Area (see Figure 1).

This report sets out to provide further clarification on issues raised by DEEDI (Office of Advanced Manufacturing) regarding the final location of the China First Coal Rail alignment traversing Mining Lease Application 70426(commonly known as "Alpha Coal" owned by Hancock Coal Pty Ltd) and Mining Lease Application 70425 (commonly referred to as "Kevin's Corner" and owned by Hancock Galilee Pty Ltd).

The issues raised by the Department are their concerns on the proximity of Waratah Coal's rail alignment relative to the proposed mining infrastructure and planned airstrip and accommodation village for the Hancock Coal Alpha Project, and for the potential conflict to be resolved before the final route is determined.

The Department has requested that Waratah Coal needs to achieve an agreed outcome with Hancock Coal (GVK) on the rail route through the ML applications as it relates to the potential impacts of the planned accommodation village.

Waratah Coal has been active within the Galilee Basin in an exploration and development sense since 2005. Waratah Coal owns eighteen exploration permits for coal within the Galilee Basin covering an area of approximately 17,000 km<sup>2</sup>. Being the largest tenement holder within the basin, it is within Waratah Coal's interest to develop cost effective infrastructure for the life of the basin and the rail alignment is key to this.

Waratah Coal has investigated three alignments through the vicinity of Mining Lease Application 70426 and Mining Lease Application 70425. This report will elaborate on the merits of each of these alignments and the processes dictating why changes were made to successive alignments. For the purpose of this report, the original alignment is known as 'Option 1', the second alignment known as 'Option 2' and the final alignment is 'Option 3'. The final rail alignment, option 3, shown in this report, has been developed through an iterative design phase carried out by Waratah Coal since inception of the China First Project in 2007. The various alignments developed have been open for public comment and responses. These responses have been taken on board and where possible, alignment changes have been designed accordingly. Refer to Figure 2 for an overall view of options 1 to 3 superimposed on proposed mining lease applications 70426 and 70425.

This page is intentionally left blank.





### **Option 1**

Option 1 was developed by Waratah Coal in 2008 for their Initial Advice Statement, known as the "Galilee Coal Project, (Northern Export Facility)". This same alignment was lodged by Waratah Coal in December 2010 as part of their Environmental Impact Statement, and later as part of their Infrastructure Facility of Significance lodged in January 2011. Refer to Figure 3 for the 'Option 1' rail alignment from the mine to Abbot Point.

The alignment was developed using Qantum rail infrastructure software which looked at a study corridor 50 km wide, stretching from the mine to Abbot Point. The software developed various alignment scenarios to rail coal from the China First mine site to Abbot Point. The program required various design parameter inputs such as ruling grades for loaded and unloaded trains, train operational performance, train consists parameters, mass haul parameters, environmentally sensitive areas, restrictive lands, flood immunity parameters and maximum cut and fill levels. The Qantum program was then loaded with data bases covering a 50 km corridor. These data bases include alignment topography, river and creek systems, Q100 flooding information, restrictive parcels of lands such as national parks, mining leases, townships, regional geology, soil types and engineering and construction costs.

The program, through several iterative processes and millions of alignment options, utilising the above parameters and data bases, produced a short list of 200 alignments which are the most economical from a construction cost perspective and least intrusive to the environment, properties and mining areas. These alignments were then further investigated by rail engineers who came up with the best 50 alignments from a constructional and operational point of view. The 50 alignments were re-entered into the Qantum software program and re-evaluated with stringent control over topography, environmentally sensitive areas, restrictive lands, flood modelling and ruling grades. The results of these studies were evaluated by rail engineers who came up with a final 6 alignments based on construction and operational costs. Refer to Figure 4 for the final 6 rail alignments from the mine to Abbot Point.

These final 6 alignments were re-entered into the Qantum software program, with further control over flood modelling, topography, cut and fill quantities and train performance models. These same alignments were concurrently run through train performance modelling programs to ascertain the alignment performance and efficiencies from a time performance, fuel consumption and rail system maintenance point of view. Of the final 6 alignments, the Qantum program, along with rail engineers review and train performance modelling, a final corridor alignment "C1.2" was selected. This alignment was selected not only based on capital and operational costs and performance, but provided the proponent and stake holders with a corridor which had the least impact to stake holder lands, infrastructure and the environment.

The "C1.2" alignment was then overlaid with a 1.6 km wide corridor to be considered for future studies and detail design works. This corridor was then made available to the public and Galilee proponents through the Initial Advice Statement, known as the "Galilee Coal Project, (Northern Export Facility)" (2008). The Environmental Impact Statement was lodged in December 2010 and the Infrastructure Facility of Significance was lodged in January 2011. Comments from these public documents were received by Waratah Coal for consideration. Refer to Figure 4 for "C1.2" rail alignment (Option 1) traversing through ML applications 70426 and 70425.

This page is intentionally left blank.



Figure 3: Rail Options 1, 2 and 3.



Figure 4: Final 6 Rail Alignments from the mine to Abbot Point



Figure 5: "C1.2" rail alignment (Option 1) traversing through ML Applications 70426 and 70425

### **Option 2**

Option 2 (Figure 3) was developed by Waratah Coal in January 2011 as a result of Waratah Coal's EIS and IFS documents being made public and receiving comments from Hancock Coal Pty Ltd regarding potential impacts to their proposed mining lease applications 70426 and 70425.

Waratah Coal lodged a draft IFS for rail with the State Government in January 2011. As a response to this lodgement, the State Government advised Waratah Coal to make contact with various proponents where the rail being proposed by Waratah Coal intersected various Exploration Permits for Coal (EPC) and requests were made for comments. Waratah Coal made contact with several EPC proponents through formal meetings and asked for feedback on the potential impacts the rail may have to their EPC operations. These proponents included Xstrata (EPC 773), Endocoal (EPC 1518), QCoal and Hancock (EPCs 1210). All of these proponents were supportive of the alignment bar Hancock.

A letter was sent to Hancock on the 17<sup>th</sup> November 2010 requesting for feedback on potential impacts the rail alignment would have to their operations. A meeting was held between Waratah Coal staff and Hancock staff to discuss the potential impacts of the rail alignment on Hancock operations. This meeting was held at Hancock's offices at 10:40 am on Friday 10<sup>th</sup> December 2010. A letter was then received from Hancock dated 15<sup>th</sup> December 2010, detailing concerns Hancock have with the current alignment, option 1 which materially interfered with recently applied for mining lease applications 70425 and 70426. At this stage, infrastructure plans provided by Hancock on their Alpha Coal and Kevin's Corner Projects were conceptual at best. Having reviewed Hancock's high level proposals, Waratah Coal then considered 'Option 2'. Option 2 is the preferred alignment which at best veers around ML applications 70425 and 70426. Refer to Figure 6 and Figure 7 for the "Option 2" rail alignment traversing around ML applications 70426 and 70425.

Option 2 was lodged in April 2011 as part of the IFS rail document.

The option 2 alignment generally seeks a north east direction as it leaves the China First mine site, avoiding infrastructure being proposed by the Alpha Coal Project as part of ML application 70426. Once the alignment reaches the eastern boundary of ML application 70426, it takes a northern alignment, paralleling the ML application boundaries of applications 70426 and 70425, avoiding interaction with high level infrastructure proposal being developed by Hancock in April 2011. Once passed ML application 70426 north east corner, the rail alignment veers north-west joining the original option 1 alignment at approximately kilometre mark 407 km.

This alignment was lodged with the State Government as part of Waratah Coal's IFS rail application for "Application by Waratah Coal for the Governor in Council approval of an Infrastructure Facility of Significance – Waratah Coal Corridor", on the 1<sup>st</sup> July 2011. See Appendix 'A' – Letter to Keith Davies, Co-ordinator General – Waratah Coal Corridor.



Figure 6: "Option 2" rail alignment traversing around ML 70426.



**Figure 7:** "Option 2" rail alignment traversing around ML 70425.

### **Option 3**

Waratah Coal lodged an application for the declaration of their rail corridor with the State Government on the  $4^{th}$  June 2010. A subsequent application was lodged again with the State Government on the  $1^{st}$  July 2011.

The IFS for rail was publicly advertised by the State Government during September and October 2011, inviting the public for submissions regarding Waratah Coal's IFS rail corridor. The submissions brought about by public comment lead to the re-design of option 2 to give 'Option 3'. Refer to Figure 8 and Figure 9 for the "Option 3" rail alignment.

On 24<sup>th</sup> November 2011, the State Government wrote to Waratah Coal indicating that a total of 26 submissions were received through the public consultation process. These submissions were divided into three groups, that of; traditional land owners, landowners affected by the rail corridor and a Galilee Basin coal proponent.

Of the three categories, the affected landowners had the greatest impact on the rail alignment changes, which brought about the design of 'Option 3', alignment through ML applications 70426 and 70425.

The two categories of traditional owners and Galilee Basin coal proponents made comments which had negligible effect on the alignment through ML applications 70426 and 70425.

The traditional owners submissions informed Waratah Coal of the Juru claim area and their requests to have their interest registered for Native Title and be consulted on Cultural Heritage Management Plans and Social Impact Plans.

The Galilee Basin coal proponent was 'Hancock Coal Pty Ltd'. Their comments were not so much against the alignment adjacent to ML application 70426 and 70425, but rather constructability and performance of the alignment overall.

Of the affected landowner's category, there were a total of 14 submissions. Of these, there were a total of three landowners adjacent to ML application 70426 and 70425, which were similar in their comments on the impacts of the 'Option 2' alignment.

### Submission 'D11 111146' name and property details withheld<sup>1</sup>

This landholder's comment on alignment 2 was: "There are 5 properties divided completely in half in a northern direction from 'Tresillian'". The same letter indicated impacts of the option 2 alignment that would cause the grazing business to be unviable and recommended a new alignment closer to the western boundaries of each property. See Appendix 'B'.

#### Submission 'D11 119501' name and property details withheld<sup>2</sup>

This landholder's comment on alignment 2 was: "The alignment dissects the property creating inefficient parcels for beef production". The same letter indicated a disconnect between existing flow of paddock migration, essential for beef production, and safety given the rail location relative

<sup>&</sup>lt;sup>1</sup> For reasons of landholder confidentiality

<sup>&</sup>lt;sup>2</sup> For reasons of landholder confidentiality

to existing residence. A recommendation by the landholder was to reposition the alignment to a more western route, having less impact on both amenities and cattle grazing impacts.

#### See Appendix 'C'

#### Submission 'DEPC11 3048' name and property details withheld<sup>3</sup>

This landholders comments regarding alignment 2 were: "The corridor would cause...our property (name withheld) ...to become landlocked, dividing our property and thus creating an area ineffective for beef production. Either of the rail corridor western options would be greatly preferred as they would not divide our property". The same letter indicated that option 2 would cause a realignment of fences, extreme safety concerns to staff and family, and disrupt current stock movement patterns. A recommendation by the landholder was to consider a far western rail corridor alternative which would diminish the impact on their property and present a more ecologically aware and economical solution for land management. See Appendix 'D'.

The three affected landowner submissions as described above and as evidenced in letters contained in appendices 'B', 'C' and 'D' (provided to the State government, but withheld from public review for reasons of landholder confidentiality) are reasons to why Waratah Coal felt it prudent that the alignment adjacent to ML application 70425 (Kevin's Corner) and ML application 70426 (Alpha Coal) be re-designed to reflect the 'Option 3' alignment. The option 3 alignment is aligned as best as practical to the western boundaries of 'Tullamore' (Lot 6 on BF 46), 'Tipton' (Lot 2 on SP233089), 'Burtle' (Lot 1 on BF58), 'Surbiton South' (Lot 3533 on PH56) and 'Surbiton Station' (Lot 681 on PH406). This alignment is considered a best fit alignment to mitigate the concerns of 5 grazing properties and the impacts option 2 posed to their ongoing grazing business. Option 3 is also considered a practical alternative to avoid concept infrastructure proposals being put forward by Hancock for their Alpha Coal and Kevin's Corner coal proposals. Refer to Figure 8 and Figure 9 for the "Option 3" rail alignment.

<sup>&</sup>lt;sup>3</sup> For reasons of landholder confidentiality







Figure 9: "Option 3" rail alignment.

### Office of the Coordinator General, requests for comments from "Department of Natural Resources and Mines" regarding Waratah Coal's Option 3 rail alignment through ML applications 70425 and 70426.

The Office of the Coordinator General requested Waratah Coal to seek comments from the Department of Natural Resources and Mines regarding the potential impacts the 'Option 3' rail alignment may pose to the 'Alpha Coal' Project. A letter was subsequently addressed to Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines on the  $3^{rd}$  October 2012 for comment. Attached to the letter is a plan detailing the rail option 3 location being proposed by Waratah Coal, superimposed on the mine layout being proposed by Alpha Coal on ML application 70426. See Appendix 'E' –  $3^{rd}$  October 2012 Letter from Waratah Coal to Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines.

Waratah Coal were received a letter from Mr Dan Hunt on the 12<sup>th</sup> December 2012, detailing his comments on the potential impacts option 3 may have on the proposed Alpha and Kevin's Corner Projects.

Mr Dan Hunt's comments initially describe the rail alignment as being undesirable land use planning practice to pass linear infrastructure through another party's mining lease due to potential conflict with mineral resources or mine related infrastructure. Mr Hunt did however point out, and correctly so, that linear infrastructure has passed through mining leases previously and done so successfully, as will be the case here. Numerous mining leases within the Bowen Basin have linear infrastructure flowing through their tenements and operate successfully. The BMA and Peabody water pipe lines traversing through Carborough Downs and Isaac Plains mining leases are only two examples of this being successfully practiced. Indeed, railway corridors traversing through mining leases are not uncommon in the Bowen Basin and are seen as an asset to a proponent. Further to this point, it should be considered by the Department that the Alpha (MLA 70425) and Kevin's Corner (MLA 70426) Projects are proposed Projects and mining lease applications which do not have financial closure and may not be developed in the short term, if at all.

Mr Dan Hunt comments that the option 3 rail alignment will impact on activities proposed on the mining lease that will compromise environmental planning and assessment processes already completed or significantly advanced and could impose unanticipated financial and additional safety and health costs on the proponent of the proposed mining developments.

It should be considered by the Department that the Waratah Coal rail alignment was conceived on 28 October 2008 through an Initial Advice Statement "Galilee Coal Project, Northern Export Facility", and has been publicly available to Hancock and the Department, to understand and acknowledge. The rail alignment was also made available publicly through an EIS lodged on 11<sup>th</sup> July 2011 and an IFS application made public by the State Government in September to October 2011. Never has Hancock considered in its studies and mine design, the environmental planning and assessment processes already completed by Waratah Coal, and the financial and additional safety and health costs being placed on the Waratah Coal rail alignment by Hancock's mine development proposals. From Waratah Coal's point of view, the interaction between Waratah Coal's rail alignment and Hancock's environmental planning and safety and health issues can be dealt with once both Projects have further definition and are financially guaranteed to proceed.

Comments were made of the potential impacts the Waratah Coal rail alignment may have to the Kevin's Corner Project infrastructure. The infrastructure included an airstrip, accommodation village, light industrial area, rail line loop and roadways.

The interaction of Waratah Coal's rail alignment and Kevin's Corner airstrip and accommodation village are considered workable given the extended buffer zone between these pieces of infrastructure and the rail alignment. Indeed, the separation distance from the Waratah Coal rail to the proposed airstrip is extensive by comparison to the separation between the Kevin's Corner rail loop and airstrip. In fact, the Kevin's Corner rail loop would appear to encroach onto the north east corner of the proposed airstrip. This aside, the Government should question the validity of the proposed Kevin's Corner airstrip based on cumulative impacts and economics. On the surface it would appear uneconomical to build an airstrip at Kevin's Corner, given the short travelling distance to the existing Alpha airstrip and the fact that other Galilee proponents such as Waratah Coal and private enterprises are looking to upgrade and use the existing Alpha airstrip as a central hub. The rail alignment passes adjacent to the light industrial area and this would be seen as a positive aspect, given rail freighting as an alternative means of transport for supplies and materials into the area and means to mitigate the impacts of road transport.

Comments were made of the potential impacts the Waratah Coal rail alignment may have to the Alpha Mine Project infrastructure. The infrastructure included water management and stream diversion structures on the upslope side of the Tailings Storage Facility and the rail corridor crossing on Degulla Road.

The interaction of Waratah Coal's rail alignment and Alpha mine infrastructure would be considered, in particular, the water management of the Tailings Storage Facility (TSF). The water management and stream diversion structures on the upslope side of the TSF would be managed by building the rail above the full supply line of the TSF. The uphill side rail embankment would be structured and designed to provide sufficient water management and stream diversion structure such as clean water cut off drains. This would be a positive outcome to the Alpha Project, by preventing excessive catchment runoff water charging the TSF.

Concerns of the interaction between Alpha and Kevin's Corner rail loop with Waratah Coal's rail alignment are unwarranted as it is generally understood that there will only be one rail corridor connecting the southern Galilee Basin to the port site of Abbot Point which will in fact require the interaction between all rail loops and the final rail alignment. The State Government has made it clear in a policy statement by the Deputy Premier on the 6 June 2012, that one rail corridor will be built in a south to north alignment. The Deputy Premier statement says, "this policy does not endorse the "Alpha Coal Rail" Project". Based on this statement by the Deputy Premier, it should be considered that a single railway corridor could be Waratah Coal's rail alignment. If so, Waratah Coal believes there is ample opportunity and space for Hancock Coal to splice their two rail loop spurs from the proposed mine developments of Alpha and Kevin's Corner into the Waratah Coal rail alignment, avoiding the need for grade separation.

Concerns of the interaction with roadways and the flow of personnel and materials would be addressed when further details on dedicated mine access road locations, traffic and personnel volumes are clear. Grade separation would be considered as an option where safety, traffic and personnel volumes warrant the need for separation. Mr Dan Hunt's final comment being on the option 3 rail alignment sterilising coal resources derived from the C and D seams, are not valid because they sub-crop well to the west of the proposed rail alignment. The deeper seams, E and F, which are thought to sub-crop near the proposed alignment, are considered by Hancock as uneconomical in this area.

See Appendix 'F' for further information – 12<sup>th</sup> December 2012 Letter from Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines to Waratah Coal for further information.

### Office of the Coordinator General, requests for comments from "Hancock Coal Pty Ltd" regarding Waratah Coal's Option 3 rail alignment through ML applications 70425 and 70426.

The Office of the Coordinator General requested Waratah Coal seek comments from Hancock Coal Pty Ltd regarding the potential impacts the 'Option 3' rail alignment may pose to the 'Alpha Coal' Project. A letter was subsequently addressed to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd on the  $28^{th}$  September 2012 for comment. Attached to the letter is a plan detailing the rail option 3 location being proposed by Waratah Coal, superimposed on the mine layout being proposed by Alpha Coal on ML application 70426. See Appendix 'G' –  $28^{th}$  September 2012 Letter from Waratah Coal to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd.

Waratah Coal is in receipt of a letter from a potential Galilee Basin coal developer from the 26<sup>th</sup> October 2012. The letter was marked "Without Prejudice" and as such Waratah Coal cannot make any comment regarding information contained in this letter public or provide mitigating measures as requested by the Department of impacts Waratah Coal's rail alignment may or may not have on the Alpha (ML application 70426) and Kevin's Corner (ML application 70425) Projects.

Waratah Coal later sent a follow up letter on the  $30^{\text{th}}$  October 2012 to Mr Andy Mifflin, Manager of the Kevin's Corner project. The letter requests for Mr Mifflin to comment on potential impacts the Waratah Coal rail alignment may have to his Project. To date, no response has been received from Hancock Coal to this letter. A copy of this letter can be seen in Appendix 'H' –  $30^{\text{th}}$  October 2012 Letter to Mr Andy Mifflin, Manager Kevin's Corner Project from Mr Nui Harris Managing Director of Waratah Coal.

### Conclusion

This report has provided clarification on issues raised by DEEDI (Office of Advanced Manufacturing) regarding the final location of the China First Coal Rail alignment traversing Mining Lease Application 70426 (commonly known as "Alpha Coal" owned by Hancock Coal Pty Ltd) and Mining Lease Application 70425 (commonly referred to as "Kevin's Corner" and owned by Hancock Galilee Pty Ltd). In particular, the Department requested that Waratah Coal achieve an agreed outcome with Hancock Coal (GVK) on the rail route through the ML applications as it relates to the potential impacts of the planned accommodation village.

The rail alignment traversing through the Alpha and Kevin's Corner Project is commonly known as 'Option 3'. The option 3 alignment was derived from an iterative design process of developing rail alignment options 1 and 2.

Rail alignment 'Option 1' was the original alignment developed by Waratah Coal in 2008 as part of their Initial Advice Statement known as the "Galilee Coal Project (Northern Export Facility)". This alignment impacted upon the future conceptual developments of Hancock Coal's "Alpha Coal" Project.

Rail alignment 'Option 2' was developed to avoid interaction with Hancock Coal's "Alpha Coal and Kevin's Corner" Projects. It had unacceptable impacts to several graziers by dissecting their properties.

Rail alignment 'Option 3' was developed as a compromise between grazier's and Hancock's concerns. The option 3 alignment traversed the western boundaries of the affected grazing properties and navigates clear of Hancock infrastructure. The alignment is set back to have reasonable buffer zones to the proposed 'Alpha and Kevin's Corner' mine infrastructure.

Correspondence with Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines on the 3rd October 2012 highlighted interactions with the proposed rail alignment and Hancock infrastructure. Key pieces of infrastructure included the accommodation village, airstrip, rail loops and tailings storage facilities. The proposed Kevin's Corner accommodation village and airstrip were sufficiently set back from the rail to not be grossly affected. The rail loops being proposed by Alpha and Kevin's Corner are appropriately located to splice into the Waratah Coal rail alignment. It is considered there will only be one rail alignment from the Galilee Basin as per State Government policy requiring interaction between all mine rail loops and the main connecting rail line. The Waratah rail alignment embankment is positioned upslope of the Hancock Tailings Storage Facility and would be designed with water management and stream diversion structures above the full supply line of the TSF. Finally, the proposed alignment does not pose sterilising coal resources derived from the C and D seams as they sub-crop well to the west of the proposed rail alignment. The deeper seams, E and F, which are thought to sub-crop near the proposed alignment, are considered by Hancock as uneconomical in this area.

Correspondence to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd was sent out on the 28<sup>th</sup> September 2012 for comment. Waratah Coal is in receipt of a letter from a potential Galilee Basin coal developer from the 26th October 2012. The letter was marked "Without Prejudice" and as such Waratah Coal cannot make any comment regarding information contained in this letter public or provide mitigating measures of impacts Waratah Coal's rail alignment may or may not have on

the Alpha (ML application 70426) and Kevin's Corner (ML application 70425) Projects, as requested by the Department.

Waratah Coal later sent a follow up letter on the 30th October 2012 to Mr Andy Mifflin, Manager of the Kevin's Corner Project. The letter requests Mr Mifflin to comment on the potential impacts the Waratah Coal rail alignment may have to his Project. To date, no response has been received from Hancock Coal to this letter.

This page is intentionally left blank.

### **Appendix A**

### Letter to Keith Davies, Coordinator General - Waratah Coal Corridor





1<sup>st</sup> July 2011

Keith Davies Coordinator-General Office of the Coordinator-General Department of Employment, Economic Development and Innovation (DEEDI) PO Box 15517 City East QLD 4002

Dear Mr Davies,

## APPLICATION BY WARATAH COAL FOR GOVERNOR IN COUNCIL APPROVAL OF AN INFRASTRUCTURE FACILITY OF SIGNIFICANCE- WARATAH COAL CORRIDOR

Please find attached our application for approval by the Governor of Council in the proposed China First rail corridor as an *infrastructure facility of significance* under s125(1)(f) of the *State Development* and *Public Works Organisation Act* 1971 (SDPWO Act). The proposed rail corridor links the China First Coal Project in the Galilee Basin to export infrastructure to be located at the Port of Abbot Point.

We submit this application in the context that we may request the Coordinator- General to evoke powers under Part 6 Division 6 of the SDPWO Act to compulsorily acquire interests in land within the proposed corridor. We believe that this project meets the prerequisite requirements for the Coordinator-General to exercise that power in that the infrastructure facility is:

- Of significance, particularly economically or socially, to Australia, Queensland or the region in which the facility is to be constructed; and
- ii) Approved by the Governor in Council, by gazette notice, as having that significance.

The development of rail infrastructure as part of the China First project will provide access to vast, high value resources for export, resulting in significant, tangible and long term beneficial economic impacts within the regional economy, as well as providing considerable benefits in terms of economic growth at a State and National level.

Specifically, the rail line and associated mine and port facilities that constitute the China First Project will deliver:

- 6,000 jobs over a three year period for the development of the rail line, mine and port facilities;
- Support for, on average an additional 3000 jobs each year through flow-on activity during the construction period;
- 2460 long term jobs for the operation of the rail line, mine and port facilities, and support for over 4464 long term jobs through flow-on activity;
- \$4.6 billion per annum in export revenues, which will assist in maintaining the strength of the Australian dollar;
- An increase in wages and salaries in the Queensland economy of more than \$452 million per annum during the three year construction period, and over \$776 million per annum in the long term;
- An increase in Queensland Government revenues, primarily through royalty payments of approximately \$343 million per annum.
- An increase in Australian Government revenues of more the \$709 million per annum;
- Increased capacity and skills base in the local labour force through apprenticeships, traineeships and skills training, as well as ongoing skills transfer between imported and local labour and the permanent migration of some skilled labour;
- Improved local road infrastructure, an air strip and utilities infrastructure to support the project (e.g., power, water and telecommunications), improving regional business capacity and competiveness; and

Waratah Coal Pty Ltd ACN 114 165 669 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.com Web: www.waratahcoal.com Street Address: Level 7, 380 Queen Street Brisbane QLD 4000 Australia Postal Address: GPO Box 1538, Brisbane QLD 4001





 A link between the Galilee Basin's abundant resources and export infrastructure, opening the Galilee Basin for future development and reducing hurdle rates for future resource developments.

In consideration of the significant economic benefits associated with the development of rail infrastructure linking the Galilee Basin to export infrastructure outlined above, the development of rail infrastructure as part of the China First Project should be considered an infrastructure facility of significance.

This application contains the necessary information to satisfy the Governor in Council that the proposed infrastructure facility will positively contribute to community well being, economic growth and employment levels and therefore has the strategic significance required to declare the proposed infrastructure pursuant to s125(1)(f) of the SDPWO Act.

In addition documents verifying financial capability and other corporate information not released to the public domain will be made accessible for Governmental eyes scrutiny on request

Should you require any additional information to assist you with the consideration of this application, please contact me on (07) 32330805 or alternatively, 0418872181.

Yours sincerely Nui Hà

Managing Director



Waratah Coal Pty Ltd ACN 114 165 669 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.com Web: www.waratahcoal.com Street Address: Level 7, 380 Queen Street Brisbane QLD 4000 Australia Postal Address: GPO Box 1538, Brisbane QLD 4001

### Appendix B

Letter from Landholder 1 \_- Appendix withheld from public review for reasons of landholder confidentiality

### Appendix C

Letter from Landholder 2 \_- Appendix withheld from public review for reasons of landholder confidentiality

### Appendix D

Letter from Landholder 2 \_- Appendix withheld from public review for reasons of landholder confidentiality

### **Appendix E**

### **3<sup>rd</sup> of October 2012 Letter from Waratah Coal to Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines**



Wednesday, 3 October 2012

Mr Dan Hunt Deputy General Department of Natural Resources and Mines Level 17, 61 Mary St Brisbane QLD 4000 PO Box 15216 City East, QLD 4002 Mineralogy House, Level 8 380 Queen Street Brisbane Qld 4000 G.P.O Box 89 Brisbane QLD 4001

Dear Mr Hunt

#### GALILEE BASIN: OPTION 3 ALIGNMENT

Waratah Coal is currently working closely with the Office of the Coordinator-General to finalise its Supplementary EIS (SEIS) submission.

The Office of the Coordinator-General has requested Waratah Coal to investigate whether there are any impacts on the Alpha Project by the rail alignment (option 3) now proposed by Waratah Coal and to discuss the revised alignment with both the Hancock-GVK group and your office.

The option 3 alignment proposed in the draft SEIS has been adopted through a series of discussions with the land owners to the north of both the Waratah Coal China First and Hancock Coal Alpha and Kevin's Corner tenements. As a group the land owners have insisted that the Waratah Coal rail alignment be moved to the west to minimise impacts on their properties. The option 3 alignment is the best alignment to provide this minimal impact to all affected landowners.

We note the changes to the Hancock Coal Alpha mine layout as detailed in the Hancock Coal SEIS Amendments to the Project Description. To accommodate its new mine infrastructure, Waratah Coal has made some modifications to its option 3 alignment in the vicinity of the Hancock mine infrastructure to avoid the impact on that project.

Attached is a plan that shows the proposed Waratah Coal alignment (option 3 modified) and its relationship with the position of the Hancock Coal mine infrastructure.

Would you please confirm that the proposed Waratah Coal alignment is acceptable to your department. Should you wish to discuss any aspects of this proposal please do not hesitate to contact Mr Doug McCabe the Waratah Coal Rail Director (07 – 32330814).

Yours sincerely

Nui Harris Managing Director



Waratah Coal Pty LtdACM 114 165 659 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.comWeb: www.waratahcoal.com StreetAddress: Level 7, 380 Queen Street, Brisbane QLD 4000 Australia . PostalAddress: GPO Box 89, Brisbane QLD 4001



COPY: (Hand Delivered)

Mr Jim Grundy General Manager Mining and Petroleum Operations Department of Natural Resources & Mining Level 16, 61 Mary Street Brisbane Qld 4000 Mr Brad John A/Chief Government Geologist Department of Natural Resources & Mining Level 16, 61 Mary Street Brisbane Qld 4000



Waratah Coal Pty LtdACN 114 165 669 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.comWeb: www.waratahcoal.com StreetAddress: Level 7, 380 Queen Street, Brisbane QLD 4000 Australia PostalAddress: GPO Box 89, Brisbane QLD 4001

3792



### Appendix F

# 12<sup>th</sup> of December 2012 Letter from Mr Dan Hunt, Deputy General of the Department of Natural Resources and Mines to Waratah Coal

COPY

Our Ref: DG2167

12 DEC 2012

Mr Nui Harris Managing Director Waratah Coal GPO Box 89 Brisbane QLD 4001

Dear Mr Harris

Thank you for your letter of 3 October 2012 concerning Waratah Coal's proposed rail alignment (Option 3) from the China First mine in the Galilee Basin to the Port of Abbot Point. Your letter requests comment on the potential impact of the rail line on the proposed Alpha mine.

I am informed that, subsequent to receipt of your letter, officers of the Department of Natural Resources and Mines met with Mr Doug McCabe and Ms Natasha McIntosh of Waratah Coal on 10 October 2012 and the issue of impact on the proposed Kevin's Corner mining project was also raised. The comments provided now relate to both the proposed Alpha and Kevin's Corner projects.

As a general comment, it is normally considered undesirable land use planning practice to pass linear infrastructure through another party's mining lease because of potential conflict either in the short term or in the future with mineral resources or mine related infrastructure. However, there are a number of circumstances where this has occurred successfully and a small number of cases where the most desirable route has been through a mining lease.

In this case, however, the route proposed through both the Alpha and Kevin's Corner mining lease applications, is not considered desirable on sound land use planning principles. The main concerns with the proposed alignment are that it will impact on the activities proposed on the mining leases, that it will compromise environmental planning and assessment processes already completed or significantly advanced, and that it could impose unanticipated financial costs on the proponent of the proposed Alpha and Kevin's Corner mines. In addition, the route may also be undesirable in terms of additional imposts on the safety and health regime for those mines.

![](_page_33_Picture_13.jpeg)

Department of Natural Resources and Mines

Director-General Department of Natural Resources and Mines PO Box 15216 City East Queensland 4002 Australia Telephone +61 7 3237 1336 Facsimile +61 7 3237 1317

ABN 59020847551

It is likely that undesirable interaction will occur between the proposed mining infrastructure and ancillary activities such as the proposed Kevin's Corner airstrip and accommodation villages on both leases and Waratah's rail infrastructure and operations. It is noted that the environmental impact assessment process for both leases is relatively advanced, the Coordinator-General's approval having been given in the case of Alpha and the supplementary Environmental Impact Statement having been submitted in the case of Kevin's Corner.

From a coal resource impact perspective, the Waratah rail alignment lies to the east of the sub-crop line of the Alpha and Kevin's Corner target seams, the C and D seams. Based on the best information available, the deeper E and F seams which are thought to sub-crop in the vicinity of the Waratah alignment are not economic in this area. Consequently, it is considered that the alignment proposed is unlikely to sterilise mineable resources of coal.

However, the proposed alignment appears to have potential to impact on water management and stream diversion structures on the up-slope side of the Tailings Storage Facility for the Alpha lease, and the GVK/Hancock rail corridor crossing of Degulla Road. On Kevin's Corner, the alignment appears to also potentially conflict with the project's light industrial area. For both mines, the planned flow of personnel and materials within the project area could be compromised by the proposed rail line. Importantly any crossing by the Waratah rail line of the Alpha and Kevin's corner rail infrastructure and roadways would require grade separation presumably at Waratah's expense.

Thank you for bringing this matter to my attention and I trust this information is of assistance. Should you have any further enquiries, please contact Mr Neil Krosch, Case Manager, Mining and Petroleum Operations, of the Department of Natural Resources and Mines on telephone 3225 1044.

Yours sincerely

DAN HUNT Director-General Natural Resources and Mines

Director-General Department of Natural Resources and Mines PO Box 15216 City East Queensland 4002 Australia Telephone +61 7 3237 1336 Facsimile +61 7 3237 1317

ABN 59020847551

### **Appendix G**

### 28<sup>th</sup> of September 2012 Letter from Waratah Coal to Mr Paul Mulder, Managing Director of Hancock Coal Pty Ltd

![](_page_35_Picture_3.jpeg)

Friday, 28 September 2012

Mr Paul Mulder Managing Director Hancock Coal Pty Ltd PO Box 15517 Brisbane, QLD 4000 Mineralogy House, Level 8 380 Queen Street Brisbane Qld 4000 G.P.O Box 89 Brisbane QLD 4001

Dear Mr Paul Mulder

#### GALILEE BASIN: OPTION 3 ALIGNMENT

The Office of the Coordinator-General has requested Waratah Coal to investigate whether there are any impacts on the Alpha Project by the rail alignment (option 3) now proposed by Waratah Coal.

The option 3 alignment has been adopted through a series of discussions with the land owners to the north of both the Waratah Coal China First and Hancock Coal Alpha and Kevin's Corner tenements. As a group the land owners have insisted that the Waratah Coal rail alignment be moved to the west to minimise impacts on their properties. The option 3 alignment is the best alignment to provide this minimal impact to all affected landowners.

We note the changes to your mine layout as detailed in the Hancock Coal SEIS Amendments to the Project Description. To accommodate your mine infrastructure, Waratah Coal has made some modifications to its option 3 alignment in the vicinity of the Hancock mine infrastructure to avoid the impact on your project.

Attached is a plan that shows the proposed Waratah Coal alignment (option 3 modified) and its relationship with the position of the Hancock Coal mine infrastructure.

Would you please confirm that the proposed Waratah Coal alignment is acceptable to Hancock Coal. Should you wish to discuss any aspects of this proposal please do not hesitate to contact Mr Doug McCabe the Waratah Coal Rail Director (07 – 32330814).

Waratah Coal looks forward to a close working relationship with Hancock Coal.

Yours sincerely

Nui Harris Managing Director

![](_page_35_Picture_17.jpeg)

Waratah Coal Pty LtdACN 114 165 669 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.comWeb: www.waratahcoal.com StreetAddress: Level 7, 380 Queen Street, Brisbane QLD 4000 Australia PostalAddress: GPO Box 89, Brisbane QLD 4001

![](_page_36_Figure_1.jpeg)

### **Appendix H**

### 30th of October 2012 Letter from Mr Nui Harris, Managing Director of Waratah Coal, to Mr Andy Mifflin, Manager Kevin's Corner Project

![](_page_37_Picture_3.jpeg)

Tuesday, 30 October 2012

Mr Andy Mifflin Manager, Kevins Corner Project Hancock Coal Pty Ltd PO Box 15517 Brisbane, QLD 4000

Dear Andy

#### GALILEE BASIN: RAIL ALIGNMENT

I refer to the letter dated 26 October 2012 received from Mr Paul Mulder confirming you as the appropriate contact person from GVK Hancock for matters associated with the Waratah Coal proposed rail alignment and impacts that it may have on your Galilee Basin coal projects.

You will note that Waratah Coal has modified its alignment to take account and avoid the infrastructure proposed by the two GVK Hancock mine projects. You would appreciate that the alignment initially proposed by Waratah Coal was selected prior to any of the Kevins Corner project details being made publicly available. The rail alignment now proposed by Waratah Coal is a balance between avoiding the GVK Hancock mine infrastructure and minimising impacts on neighbouring properties and the environment.

Waratah Coal provided its proposed rail alignment to Hancock Coal on 23 April 2012 which is still current and essentially the same with only minor deviations. This alignment is certainly not inconsistent with the Deputy Premier's policy statement of 6 June 2012. The Government has given a preference only on the 'south to north' common rail corridor which has not been fixed and is subject to further independent investigations. The Government may also amend its rail corridor preference at any time in the future where technical, environmental, commercial or other issues make it desirable to do so.

Further, the Government has placed an evidence of funding requirement on the proponents within a reasonable timeframe and we also note that the latest press reports indicate the financial close of your Alpha project will not be until 3rd quarter in 2013. We therefore expect the Government to look at alternative 'south to north' common rail corridors from January 2013 if not sooner.

Waratah Coal has intentionally avoided any risks of coal sterilisation by using land that is in the general location of coal seams that Hancock advised in its various EIS submissions were uneconomical to mine and therefore away from the coal seams that are intended to be mined.

Given the uncertainty that still surrounds the final common rail corridor, Waratah Coal prefers to maintain some flexibility in the final location of the rail lines and rail spurs. Should the Waratah Coal ultimately be the common rail corridor selected and constructed it would be in GVK Hancock's interest (and other Galilee Basin coal proponents) to have the connecting rail spurs as short as reasonably possible for economic, environmental and neighbouring land owner issues. It may also be that the exact location of some of the GVK Hancock infrastructure has some flexibility without incurring any additional costs in a different location.

Once the location of all infrastructure and final land boundaries are known, it may be the Waratah-Coal rail alignment is best located in a further easterly location without major disruption and severance issues on the neighbouring land owners.

Waratah Coal Pty LtdACN 114 165 669

Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.comWeb: www.waratahcoal.com StreetAddress: Level 7, 380 Queen Street, Brisbane QLD 4000 Australia PostalAddress: GPO Box 89, Brisbane QLD 400

Mineralogy House, Level 8 380 Queen Street Brisbane Old 4000 G.P.O Box 89 Brisbane QLD 4001

![](_page_38_Picture_1.jpeg)

Should you wish to discuss any aspects of this proposal please do not hesitate to contact Mr Doug McCabe the Waratah Coal Rail Director (07 – 32330814).

Waratah Coal looks forward to a close working relationship with Hancock Coal.

Yours sincerely

Nui Harris Managing Director

![](_page_38_Picture_7.jpeg)

Waratah Coal Pty LtdACN 114 165 669 Phone: +61 (0) 7 3233 0800 Fax: +61 (0) 7 3221 8870 Email: info@waratahcoal.comWeb: www.waratahcoal.com StreetAddress: Level 7, 380 Queen Street, Brisbane QLD 4000 Australia PostalAddress: GPO Box 89, Brisbane QLD 4001 This page is intentionally left blank.