

\$1.2 billion Ulan West expansion approved

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Planning Minister Tony Kelly has approved a \$1.2 billion expansion of Xstrata's Ulan Coal Mine which will more than double the production of the mine and add 21 years to the mine's life.

Xstrata plans to start building the Ulan West mine this year, with first production expected in 2014.

Construction of the mine will create more than 250 new jobs and ongoing operations will employ 350 people.

In a statement earlier this year, Xstrata said Ulan West would increase production at Ulan by at least 7 million tonnes of coal a year to meet growing export demand for quality thermal coal from China, Brazil and India.

Under the State Government approval, the mine would be allowed to produce up to 20 million tonnes of coal a year until 2031.

The current mine produces 6.2 million tonnes of coal a year.

However, Mitsubishi Corp, which owns a 10 per cent stake in the mine, said this week that the joint venture would sell thermal coal mainly to Japan, using existing rail infrastructure to the Newcastle port.

The 49-page Ulan West approval includes conditions relating to noise, air quality, biodiversity, water and rehabilitation.

Under the conditions of consent, if any land owners' licensed bores are affected by the mine, Ulan Coal must re-establish or replace the bore or pay compensation.

Ulan Coal will also be required to develop 74 residential allotments needed to complete its 1983 agreement to provide 250 residential allotments in conjunction with approval for the Ulan Colliery.

Ulan Coal must carry out archival recording of Old Ulan Village and Bobadeen Homestead and develop a maintenance strategy for the village before longwall mining begins within 100 metres of the village.

The company must pay the Mid-Western Regional Council \$4.5 million to invest in local infrastructure and services, including \$1.05 million for maintenance of Cope Road, and must prepare a maintenance strategy for Ulan Road between the mine and Mudgee by the end of December 2011.

Xstrata will also be required to establish a new community consultative committee.

According to the Mitsubishi Corp statement, the existing Ulan Mine is set to close in 2021.