



## **Ambre Energy community liaison group meeting, March 2010**

**Date:** Friday, 26 March 2010  
**Location:** Pittsworth Motor Inn, 51 Helens Street, Pittsworth  
**Facilitator:** Greg Bourke, JTA Australia  
**Ambre Energy attendees:** Neil McGregor, Matt Adams (and from 12pm) Michael van Baarle, Jannie Grove  
**CLG attendees:** Nicole Hayward, Vicki Green, Bill Nicholas (Agforce), Sarah Due (Agforce), Lindsay Rennick, Ian Jones, Linden Holzheimer  
**Apologies:** John Hughes, Pauline Wilkinson, Vikki Seekamp, Phil McCullough, Daryl Hayward

### **Minutes**

Meeting opened at 11:10am.

#### **1. Welcome and meeting purpose (Chair)**

- confirmation of agenda and format
- Matt Adams introduced as new project member, will be undertaking much of the local community contact and communication

#### **2. Briefing project scope, approvals and timelines (Ambre Energy)**

- Presentation from Neil McGregor, Ambre Energy (attached), major points follow.

**Ambre Energy** – One of the major questions posed to us is how a small company can propose to undertake a large capital-dependant project. The company will seek to raise funds, but will also receive cashflow following the acquisition of productive, mature coal mines in the United States.

There have been earlier proposals for use of this coal resource. For each proposal we have undertaken studies and investigations. We also conduct market testing for end products, and have settled on the best economic use for the coal. Converting low grade coal to unleaded petrol will be a surer way to get return on capital and is a predictable part of the immediate energy needs of the state and country. With recent economic uncertainty and the well-documented narrowing of credit world-wide, Ambre Energy has elected to manufacture unleaded petrol as there is increasing demand and reducing domestic oil reserves. Ambre Energy also has access to proven Exxon-Mobil technology to generate this fuel.

However the basics of the project are the same. This project will involve the mining of coal and then chemical manufacture of the coal into methanol as a base product.

The project has a new name – coal-to-liquids, abbreviated to CTL. We have chosen a new name to distinguish this project from the previous project. Also, the ‘clean coal’ description of the previous project was not understood or accepted by the community.

### **3. Forum – response/questions/issues (All)**

**CLG member** – The increased scale of this project must mean that the things we have discussed such as dust and water must be exacerbated. Everything looks ramped up. Surely your water requirements will be greater?

**Ambre Energy** – Yes they are still huge factors. The previous proposal required an estimated 1,000 ML per annum. Now we will need around 4,000 ML. The availability of water is a limiting factor and without an independent water supply there will be no project.

**CLG member** – Ambre Energy can expect outrage if local water is taken. There are already going to be reductions in groundwater allocations and use.

**Ambre Energy** – We are seeking independent supplies. One option is the use of the water which is a by-product of the extraction of coal seam gas. However this may not be consistent and reliable and the quality of the water may present issues. The strongest likelihood is that water will be piped from a connection in the SEQ water grid at Ipswich.

**CLG Member** – is that really feasible? Won't it be too expensive?

**Ambre Energy** – The distance is about 130km and it is technically feasible. A lack of water is a ‘showstopper’ and therefore we are investigating it. There is the potential to cost share and on-sell the water. It could provide a resource for many other interests. We are investigating wastewater reuse from Toowoomba, however much of this resource has been allocated.

**CLG member** – It is fair to say that the community will be watching closely to see whether Ambre Energy receives preferential treatment with access and use of local water.

**Ambre Energy** – Noted.

**CLG Member** – Will the pipeline you propose be a new pipe or re-use of an existing one?

**Ambre Energy** – New.

**CLG Member** – Even if Ambre Energy taps into the SEQ Water Grid I don't think you will be entirely secure. What if there is another long drought? There are millions of people down there in SEQ and a mine up here won't be a priority if they are running out of water.

**Ambre Energy** – We expect water security can be achieved through commercial contracts guaranteeing supply.

**CLG Member** – What happens to the water after it is used on-site?

**Ambre Energy** – The full operation will be designed to be zero-discharge. There will be a tailings dam and water will be re-used in the mine and process. The only loss will be through evaporation. Water will also be released from the cooling towers. Also, water is used in the manufacturing process where it is converted to hydrogen.

**CLG Member** - Will there be dams?

**Ambre Energy**- Yes

**CLG Member** – Can Ambre Energy provide a site map of the layout of the mine, plant and other infrastructure?

**Ambre Energy** – Yes, when design is advanced.

**CLG Member** – How do you get rid of this amount of (ULP) product?

**Ambre Energy** – We will seek markets. Marketing and seeking contracts is a big part of the exercise. LNG providers have recently secured and announced contracts. We will also be in the market seeking contracts.

**CLG Member** – How will it be transported?

**Ambre Energy** – By road. Tankers will head north, south, east and west towards the population and the markets.

**CLG Member** - How many trucks per day?

**Ambre Energy** – Early estimates suggest approximately 40-50 per day. We accept that this will add pressure on transport infrastructure. We accept that there will be a requirement to contribute to road upgrades and maintenance. These requirements will come out in the EIS report and government conditions. It is normal that a company fund is established for these matters. We would want to do it anyway.

**CLG Member** – The government and the council will make you pay. Look at what the council is doing to developers through infrastructure charges.

**Ambre Energy** – This will be factored into the capital and operating cost. It is likely that we would contribute to a regional infrastructure fund. It is not just trucks; we would have 530 employees driving about. The suitability and condition of the roads for community and worker safety is important to us.

**CLG Members** – Various comments about regional infrastructure not keeping up and further development pressure with this and other projects. Discussion about whether the Ambre Energy project and other mines and coal seam gas projects will necessitate the (Toowoomba) western by-pass.

**Ambre Energy** – Ambre Energy is aware, especially through CLG discussions and other consultation, that there are many social infrastructure matters to address. We will employ around 530 workers when the

project is operating. We hope to source many of these people locally, but there will be many families moving to the area. We expect to bring hundreds of workers and families into this area without impacting on schools, medical facilities and so on. Last year we commenced social impact assessment and this will continue. We expect to set up a Foundation to distribute a share of the profit among the community. There will be some good impacts for local businesses but we must take into account the downside of this growth.

**CLG Member** – What is the geology like? Is it undulating like the valley? Do the layers rise with the hills?

**Ambre Energy** – We don't have a specialist here today, but we can bring along a geologist and mining specialist in future. We will take it as an action to have a session with you about the geology. In general, the coal seams are relatively shallow and we hit first coal at around 6 metres. The gradient of the seams is less than five degrees sloping from east to west.

**CLG Member** - Is sulphur discharged?

**Ambre Energy** – Very little sulphur is emitted as a vapour. Essentially the gasification creates immense heat to separate all of the components. During the separation and synthesis of the materials into methanol, the sulphur is captured as a solid and set-aside. We would look for use of this resource, say, as fertilizer.

**CLG Member** – You say that CO<sub>2</sub> *will* be captured, shouldn't you say *might*?

**Ambre Energy** – No, the CO<sub>2</sub> will be captured. About 90% will be stripped out of the process and captured (later corrected to 79%). We are evaluating whether there is a way of re-using it or sequestering it. The likely option is we will safely vent the gas onsite. We are researching alternatives, but will not claim that there are strong viable alternatives. In the United States, pure CO<sub>2</sub> is highly sought after. One application is to assist the extraction of oil in depleted wells. If there are feasible alternatives like this, we would like to make use of the gas.

Near pure CO<sub>2</sub> is uncommon. In conventional coal powered plants the CO<sub>2</sub> is just one of the gaseous components emitted from the stack. There are suggestions that coal fired power plants can become cleaner through post combustion CO<sub>2</sub> capture, but the examples we have looked at, make us wary. The infrastructure that is 'bolted on' is extremely expensive and the new equipment is also parasitic and reduces the power output of the power plant. The Queensland government had said that there will be no more coal fired plants and the future for baseload electrical power will be gas. So you can see there will be gradual change-over. However, the NSW government has approved two more coal fired plants. We would like to think that alternative uses of coal and CO<sub>2</sub> are possible, but in the immediate future, it isn't looking too encouraging. There is still great demand for baseload power and car fuel. Victoria is still burning brown coal at Loy Yang and elsewhere in the Latrobe Valley, because the demand for power is so great and their position is tenuous.

**CLG Member** – Simon Crean has suggested that there is national under-investment in power to the tune of \$10b.

**CLG Member** – I suppose the government will decide what the greatest public interest will be with regard to fuel security or food security.

**CLG Member** – If eight million tonnes will be dug up per annum, and only four million tonnes will be used, won't that leave a huge hole when you rehabilitate? It won't be able to be used for the same purpose ever again.

**Ambre Energy** – Not necessarily. The soil is set aside and the unused portion of mined material will be returned to the pit, however the land will not compact in the same way.

**CLG Member** – At the last meeting we were told that the objective for rehabilitation was not to return the land exactly to the same use, but to return it to a useable condition. Is that still the purpose? I still have the view that some land is not used for the purpose to which it is suited.

**CLG Member** – But there are no good examples of effective rehabilitation in Queensland and very few across Australia.

**CLG Member** – I can only think of Fraser Island, but that is entirely a different environment.

**Ambre Energy** – Our objective is high quality rehabilitation. The government will determine the amount of land which is strategic farming quality and the standard of rehabilitation required. The government will decide the appropriate future use. We are very committed to this. We note that not all of the 2,800 ha would be considered prime or strategic, whatever that is decided to be. You heard last meeting about our intention to return the land to a standard whereby it can be used again and our investigations into rehabilitation. Since we spoke last, Dave Ralston, the soil scientist and rehabilitation expert from the United States we visited last year, has now surveyed the Felton site. He examined the soil and provided advice about rehabilitation. He has been involved in this field since the 1970s and was at the forefront when there was a major social movement about future productive uses of mine sites in the US. He provided some suggested techniques. While the soil he is most experienced with is different to the Felton cracking clay, his instruction was that generic techniques will still be important. These include:

- care with the way the top soil and upper soil horizons are removed and stored
- care with the soil during storage and not mixing the distinct sections
- not compacting the soil during the storage period
- returning the soil in the right order

**CLG Member** – This mine will have a dreadful impact on the Felton farmers.

**Ambre Energy** – The operation will last up to 40 years. As you know, we will only open the ground when we need to access the coal and the rehabilitation will immediately follow. In terms of social impact, we want production and farming to continue around us. We do not intend to take over and buy out whole communities. We are talking with immediate landowners as to likely impacts and timing and what they would prefer to do if the mine goes ahead. We will need the land we are going to mine and a buffer. The land in the buffer can still be used productively, and this is our number one scenario. Some of the affected people are facing decisions about where they live and the support they need. We are sitting down with people individually to see what we can work out together. However there has to be a border. We will talk to anyone who would like more information, but there will be a limit to the amount of land we purchase outside the directly affected area.

**CLG Member** - The actual social impacts will be worked out in the EIS won't they?

**Ambre Energy** – Yes the work commenced by Worley-Parsons last year will be continued by the new consultants: SKM.

**CLG Member** – What did Worley-Parsons do? I wanted to be involved in the social impact investigations last year and wasn't contacted. Is it JTA Australia who is doing it now?

**Ambre Energy** – The work commenced with Worley-Parsons undertaking some surveys and meetings with a sample of people. When we had a sense we needed to make changes to the project, the process was not advanced. However, this will now be ramped up and there will be other opportunities to become involved. JTA Australia is going to manage and support the community consultation and communications. SKM will lead the social impact assessments. What we learned last year will be useful and will be added to.

**CLG Member** – I would like to be involved, but more than that, there has to be transparency about the studies, what the people are studying, who can be involved, and how.

**Ambre Energy** – CLG members will be advised of what will be studied when the terms of reference for the EIS are released.

**CLG Member** – This should not just be for CLG members. Anyone who is interested or has a stake in this proposal needs to know about it.

**Ambre Energy** – Agreed, communication and consultation will be comprehensive.

#### **4. Role of CLG and membership (Chair)**

- A new CLG will be established for the new project.
- Terms of reference tabled, to be confirmed at the next meeting.
- Terms of reference are essentially the same, Ambre Energy would like members names known through the minutes (CLG agreed.)

#### **5. Future meeting / agenda topics nomination (Chair)**

- Next meeting to be held in July after the terms of reference are available. Suggested agenda topics:
  - project update
  - description of the resource and local geology
  - social impact assessment
  - water (standing item)

#### **6. Meeting summary, next steps and close (Chair)**

- Minutes will be distributed and confirmed out-of-session and posted on the Ambre Energy website.
- Project updates to be issued by e-mail or mail (as per CLG member's preference) and posted on the website.
- Members can raise any questions or make any points to the project team outside of the meetings.

- Members are encouraged to raise items for the next agenda. Members will see advertising and promotion for the establishment of the new CLG, and all current members are encouraged to return.
- Meeting closed at 1pm.