

HANCOCK PROSPECTING PTY LTD

ABN 69 008 676 417

HPPL House
28-42 Ventnor Avenue
West Perth 6005
PO Locked Bag No 2
West Perth 6872
Western Australia

Telephone: (08) 9429 8222
International: +618 9429 8222
Facsimile: (08) 9429 8266

27 September 2017

The Honourable Justice Pepper
The Inquiry Panel
The Scientific Inquiry into Hydraulic Fracturing Inquiry in the NT (the "Inquiry")
GPO Box 4396
DARWIN NT 0801

Email: fracking.inquiry@nt.gov.au

The Honourable Justice Pepper,

Response to Information Request

Thank you for your confirmation that the Inquiry had received Hancock's submission to the Inquiry. In regards to the information request that was issued in relation to our submission, please note the following responses.

Determination of the buffer distances

The Inquiry has requested details on the scientific rationale or method applied in determining the distances applied in creating the buffers applied on EP154.

The buffer distances applied for EP154 were a subjective assessment by Hancock of the distance required to provide comfort to the community that these areas were not at risk, rather than in any reference to any scientific rationale.

We note that there are multiple references within industry literature and regulations indicating that the distance required is significantly less than the buffer that Hancock has applied on EP154. For example, see Origin Energy¹, Pangaea², Durham University³ and Alberta Energy Regulator⁴.

We specifically note the comments included in the Origin Energy submission referenced that refer to the management of risks for fluid migration between hydrocarbon zones and drinking water resources, including comments related to:

- The significant difference in depths between the areas of targeted exploration and the regional aquifers at shallower depths, combined with geological structures to further limit fluid migration and vertical fracturing. This separation between these two zones is estimated to be approximately 2 kilometres, with Hancock targeting exploration at depths of 2.0 to 2.5 kilometres in EP154;
- Ensuring proper well (including casings) design and construction to prevent aquifer contamination; and

¹ Origin Energy's Submission to the NT Hydraulic Fracturing Inquiry (2017 Submission # 153 Part 2. pp. 46-91).

² Pangaea's NT Inquiry Submission (2017 Submission # 220, pp. 9-27).

³ Davies, R.J. and Mathias, S.A. and Moss, J. and Hustoft, S. and Newport, L. (2012) 'Hydraulic fractures: how far can they go?', *Marine and petroleum geology*, 37 (1). pp. 1-6.

⁴ Energy Resources Conservation Board, 2013. Directive 083: Hydraulic fracturing – subsurface integrity. (Note: effective June 17, 2013, the Energy Resources Conservation Board has been succeeded by the Alberta Energy Regulator).

- Ongoing monitoring and well integrity management to ensure ongoing security for both groundwater and surface water.

Should exploration and development be allowed to continue, this position would be demonstrated further by the performance of baseline studies and further hydrogeological analysis prior to work commencing.

Hancock remains committed to exploration activities that are conducted in line with industry leading standards and in accordance with all regulatory requirements.

Evidence in regards to statement regarding compliance

The Inquiry has requested evidence that Hancock has conducted exploration and mining operations throughout Australia with no significant environmental incidents and in compliance with all regulatory requirements. In regards to this, we would like to advise the following:

Roy Hill Iron Ore Mine

Hancock is the majority owner of the \$10 billion world class, low cost, integrated open pit Roy Hill iron ore mine, rail and port facility in the Pilbara region of Western Australia that is currently ramping up to produce 55 million tonnes per annum.

Since construction of the project began in 2012, Roy Hill has not had any significant environmental incidents and has complied with all regulatory requirements. Since commencement, Roy Hill has not received an environmental improvement notice from regulators. Furthermore, Roy Hill's strong environmental performance has been recognized by third parties as follows:

- (a) WA Department of Mines, Golden Gecko Awards - Certificate of Merit, 2016, for Roy Hill going above and beyond to minimise impact to mangroves in Port Hedland;
- (b) Association of Mining and Exploration Companies - Environmental Excellence Award, 2016, for a number of Roy Hill initiatives, including a dust alert system to minimise community impact and work with the Mulgara, Bilby and Northern Quoll animals;
- (c) Australian Mining publication's Prospects Awards - Excellence in Environmental Management Award, 2016; and
- (d) WA Department of Mines, Golden Gecko Awards – Finalist, 2017, awaiting results.

In addition, Roy Hill has demonstrated an ability to engage with its workforce and operate to high safety standards. The project engaged more than 20,000 workers to site over the course of its construction up to early 2016, when it entered the operations phase. Since then, Roy Hill has increased its direct employees and currently engages more than 1,500 people, with another 250 people permanently employed by contractors providing services to Roy Hill. For the entire duration of the pre-construction planning phase, the construction phase and the operations phase to date, there has not been any time lost to industrial action.

The Roy Hill safety record exceeds industry averages:

- As at August 2017, the Roy Hill Lost Time Injury Frequency Rate (0.66) was less than half the Western Australian Iron Ore Industry frequency rate (1.4) published in the Government of Western Australia, Department of Mines, Industry Regulation and Safety (DMIRS), Accident and Injury Statistics 2015-2016; and
- During the peak of construction activities during 2015 – 2016, Roy Hill achieved 15.2 million hours worked without a Lost Time Injury, a significant industry leading result.

Hope Downs Joint Venture

The Hope Downs mining project is a 45 million tonnes per annum iron ore project also in the Pilbara jointly owned by Hancock and Rio Tinto. First production at Hope Downs was in 2007 and now consists of 3 mines delivering high grade iron ore.

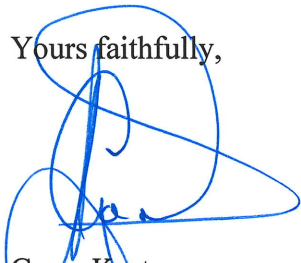
Since its inception, Hope Downs has complied with all of its regulatory requirements. For example, Hope Downs 1 and 4 operations are each subject to separate annual audits by the Office of Environmental Protection Authority, a department of the Government of Western Australia. Since 2008, the Hope Downs project has not been issued with any "Non Compliance" findings as a result of these audits.

Other exploration activities

Hancock has carried out exploration activities across multiple jurisdictions for a range of minerals either directly or in conjunction with other exploration companies in joint ventures. These activities have included operating in Queensland, New South Wales, Victoria and the Northern Territory. All operations have been conducted in compliance with its environmental and regulatory requirements. This compliance is reflected in the fact that Hancock has not been issued with any shutdown or material improvement notices in relation to site safety or received any material environmental infraction/improvement notices in relation to these operations.

Should you have any queries or would like any further information on the above material, please contact our office on (08) 9429 8222.

Yours faithfully,



Garry Korte
Chief Executive Officer