

21 December 2011

**Sean Winstone**  
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Orica Limited  
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Dear Local Resident,

## Improvement Works at Orica's Kooragang Island Plant

Further to the letter you received from Orica's Managing Director and CEO Graeme Liebelt on 29 November in which he committed to report on the improvement works at the Kooragang Island plant, I would like to provide you with an update on our progress.

At Kooragang Island, Orica has resumed ammonium nitrate production safely, and all nitric acid and ammonium nitrate plants are now online.

Orica has made a number of significant changes in order to deal with the specific incidents and has committed major investments, both in capital and resources, to address the causes.

We recognise that improving the safety and sustainability performance of the site is our highest priority. We have redirected the onsite team who were working on the expansion of our ammonium nitrate production capacity to immediately focus on key aspects of performance improvement for the Kooragang Island site. We will provide you with further information on these projects in future updates. These changes and additional resources will support the safe restart and ongoing operation of the plants. A summary of the actions undertaken by Orica is outlined below:

### **Ammonia Plant**

- Orica has completed all of the restart actions required by the NSW Environment Protection Authority (EPA) as outlined in the Independent Expert's report for the Ammonia Plant incident on 8 August 2011, prepared by an expert from Johnson Matthey. These actions have been independently verified as having been completed.
- The key changes that have been made to the Ammonia Plant include:
  - a revised start-up strategy with associated equipment modifications to accurately reflect best practice for starting the plant, and
  - the cleaning of the vent system and stack.

Ammonia Plant personnel have all been retrained consistent with these changes.

The EPA lifted the Prevention Notice on the Ammonia Plant on 14 December 2011 allowing restart to begin. Orica's emphasis is on restarting the Ammonia Plant safely and while conducting some pre start checks, Orica determined that there was a part of the plant that required repair work before the restart process could continue. Once repairs are complete, the restart process will begin.

### **Nitric Acid and Ammonium Nitrate Plants**

- Orica has completed all of the actions that were required by the EPA as identified by the Independent Expert from Honeywell for the site's pressurised ammonia storage system following an incident on 9 November 2011. The Independent Expert also verified that the actions required for restart have been completed.
- The key changes that have been made to the pressurised ammonia storage system include:
  - the installation of trip systems to give an additional layer of protection against overpressure of the ammonia feed tank system;
  - a revised critical alarm management system that mandates which feed tank system alarms must always be in place; and
  - the modification of procedures and pipework to the Nitrates Plant ammonia feed tanks.

Personnel have been trained consistent with these changes.

Following the lifting by the EPA of the Prevention Notice on the pressurised ammonia storage system on 6 December, Orica has restarted the Nitric Acid and Ammonium Nitrate Plants and resumed ammonium nitrate production.

### **Organisational changes**

- Orica has called upon its extensive global manufacturing resources and expertise to make a number of organisational changes to ensure there is comprehensive and experienced oversight of safety during the start-up and going forward. These include:
  - Appointing Leigh Hart as Start-up Manager for the site. Leigh brings with him significant experience in large nitrates sites as well as broad manufacturing and operations experience;
  - Establishing a Start-up Support Team with three experienced nitrates sites managers, Paul Healy, Robert Mossop and Stuart Newman, who currently have roles in Canada, Indonesia and Australia respectively (with over 50 years collectively of ammonium nitrate manufacturing experience). In addition, Russell Higgins (former Orica Global Nitrates Manager) and Simon Farrar (Corporate SHE Systems Development Manager) are involved in this team; and
  - Establishing a Start-up Oversight Team comprising myself, Molly Zhang (Orica Mining Services Manufacturing and Supply Chain Manager) and Richard Hoggard (Orica Group General Manager Major Projects).

Independent ammonia process technology experts are being brought in from leading global engineering organisations to review plans and provide expert advice during start-up.

### **Air Monitoring**

Orica has received a comprehensive proposal from the Stockton Community Action Group to support additional air monitoring in the local area. Orica is committed to working with the community and with the EPA to deliver additional air monitoring, consistent with the EPA's plans for a Lower Hunter Air Monitoring Network.

Orica currently monitors NO<sub>x</sub> (a combination of nitric oxide and nitrogen dioxide) and Total Suspended Particulates and PM<sub>10</sub> (dust particles) at two monitoring stations in Stockton. In direct response to community concerns, Orica has recently hired two additional temporary monitoring stations, both monitoring ammonia and nitrogen dioxide. The data will be used to monitor air quality and measure the safety of Orica's operations in the community during the startup activities. Summaries of the monitoring results will be available soon at [www.oricaki.com.au](http://www.oricaki.com.au).

Orica is committed to the safe operation of our Kooragang Island plant and to being a responsible corporate neighbour. We will continue to keep you informed of the progress of start-up activities. Residents can register for SMS and email alerts advising of key restart activities, and regular updates are available from our website [www.oricaki.com.au](http://www.oricaki.com.au).

If you have any questions or feedback, or would like to register for SMS or email alerts please call the Kooragang Island Complaints and Enquiries hotline on 1800 789 044 or email us at [info@oricaki.com.au](mailto:info@oricaki.com.au).

Yours sincerely,



**Sean Winstone**

Site Manager, Kooragang Island