

Composite Brief – Natural Resources

Subheads E1 – E4

**Shaded Areas Contain Confidential Information – Not
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2007 Outturn & 2008 Estimates

Subhead	2007 Outturn * €000	2008 Estimate * €000
E1 – Petroleum Services	300	532
E2 – Mining Services	2,162	7,178
E3 – GSI Services	684	754
E4 – Geoscience Initiatives	5,258	2,900
E5 – National Seabed Survey	6,258	4,000
E6 – Ordnance Survey Ireland	5,250	6,000

* Inclusive of Capital Carryover from 2006 / 2007

1. Compensation to Private Mineral Owners

Working of privately owned minerals under State Mining Licences is subject to payment of compensation by the Minister under the Minerals Development Act 1979. The compensation is recouped from mining companies as a condition of their State Mining Licence and is charged to Appropriations-in-Aid. Claims are lodged by mineral owners subsequent to the issue of the Licence but must be verified with the Chief State Solicitor's Office (CSSO) before negotiations can commence on the amounts payable. In default of agreement, mineral owners can apply to the Mining Board to determine the amount – there is one such appeal before the Board at present. If upheld, this will have serious implications for the economics of Tara Mines. It will also set an unacceptable precedent for other mines and thus deter potential investors in exploration here. A date was set for the hearing on 3 April 2006 but had to be deferred due to the death of the claimant. The case is stalled pending the grant of Probate/Letters of Administration for the estate of the claimant.

2. Silvermines Rehabilitation Project

Silvermines is an old extensive mine site, which includes some areas covered by a mining lease which expired in 1998. The former lessee, Mogul of Ireland Ltd, is responsible for rehabilitation of the areas covered by Clause K of that lease. However, despite working continuously with Mogul of Ireland Ltd for over two years or so, the Department concluded that the company did not have the finance or expertise to carry out a remediation programme.

In June 2005, the Government approved the provision of €10.6m towards rehabilitation of the mine sites over a 4-year period.

The Energy (Miscellaneous Provisions) Act 2006 provides for the appointment of a Local Authority to act as the Minister's agent for rehabilitation projects. North Tipperary County Council (NTCC) has been appointed as the Minister for Communications, Energy and Natural Resources' agent in this instance.

In 2006 following a competitive tendering process, NTCC appointed Golder Associates to finalise the design and manage the implementation of the rehabilitation programme as set out in the conceptual plans, beginning with more detailed site investigations. Design work was carried out during 2006 and 2007 concentrating on the Gortmore Tailings Management Facility (TMF) site. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In December 2007, an advert was placed on *e-tenders.ie* and in the *Official Journal (OJ)* seeking expressions of interest from contracting firms to undertake the rehabilitation works at Gortmore. Following a short-listing process, tenders for the first stage of the TMF rehabilitation works were invited on 12th March and are due on 25th April (there is a mandatory 44-day tendering period). With the necessary period for consideration of the tenders received, recommendation of a tender and formal placing of a contract, and also time for the selected contractor to mobilise and set-up, it is expected that work will begin on site in June. It is scheduled to be completed in October. [REDACTED]

[REDACTED]

[REDACTED]

Powers of entry to the sites is provided under section 27 of the Energy (Miscellaneous Provisions) Act 2006 for the purpose of making preparations for the works and carrying them out. It is not anticipated that issues of access will impact upon the rehabilitation work.

Expenditure

[REDACTED]

[REDACTED]

[REDACTED]

Draft Memorandum for Government

A presentation was made to the Department of Finance in February 2008 to explain the reasons for the increased costs and on the advice of that Department a draft Memorandum for Government has been prepared [REDACTED]

3. Mogul of Ireland

Mogul of Ireland Ltd. was contractually obligated to remediate the sites covered by Clause K of its mining lease dating from 1965. Following a number of unsuccessful attempts by Mogul to remediate the Gortmore TMF the Department sought to enforce the rehabilitation plan on the company. This was unsuccessful and following extensive negotiations the Chief State Solicitor commenced legal action, which was proceeding when Mogul went into voluntary liquidation in July 2007.

[REDACTED]

Consultation

A Consultative Committee has been established to facilitate consultation on all aspects of the project with the local community. The local authority takes the lead role in briefing the local community.

An Inter Agency Group has also met to consider progress of the project, and the preliminary plans drawn up by the consultants. This Group is chaired by North Tipperary County Council and includes representatives of this Department, Central Fisheries Board, HSE, Food Safety Authority of Ireland, EPA, GSI, Department of Agriculture & Food, Department of Environment, Heritage & Local Government and the local community.

4. Avoca Mine Site

Feasibility Study for the Management and Remediation of the Avoca Mining Site

Industrial scale mining in the Avoca area began around 1720 and continued intermittently until the mines were closed in 1982. An estimated 12 Mt (Metric Ton) of copper ore was mined as well as some iron pyrite from which sulphur was extracted for the production of sulphuric acid. Closure left a polluted site including buildings, open pits, tailings impoundments (including one at Shelton Abbey, 8km from the mine site), waste heaps, mine discharges, contaminated streams and sediments. Some of the old mine buildings and structures are important from a heritage perspective.

A major study to develop plans for the management and remediation of the Avoca mining site commenced in 2007. This study is managed by the Geological Survey of Ireland in close association with Exploration and Mining Division and Wicklow County Council. The study will include a safety audit and risk assessment for mine stability, human health, animal health and the wider environment. This risk assessment will identify deficiencies in existing information and a programme will be developed to fill these gaps. The overall objective will be to develop a integrated conceptual management and remediation plan, costed to feasibility study level, for the Avoca Mining Area and the tailings facility at Shelton Abbey, taking into account the unique character of the site with respect to human and animal health, the environment, specialised habitats, material assets, heritage, tourism, potential future developments (including mineral) in the area, and other potential polluting sources in the area. Consultation with stakeholders is an important part of the feasibility study. The feasibility study will be completed by mid 2008.

This study will allow the preparation of costed plans for the management and remediation of the Avoca mining site. This is important since the Government has a duty of care as much of the mining site land is in the ownership of the Minister for Communications, Energy and Natural Resources or the Minister for Finance. In addition, waters in the Avoca River below the mine discharges are polluted and will not meet standards required under the Water Framework Directive.

Separately, from the feasibility study of the Avoca mining site. An INTERREG project is taking place. This aims to examine the heritage and tourist potential of the area. This project includes the Eastern Regional Fisheries Board, Wicklow County Council, the Geological Survey of Ireland, the Avoca Mines Heritage trust, the Mining Heritage Trust of Ireland, Amlwch Industrial heritage Trust and the Welsh Environment Agency. This project will also be completed in 2008.

5. Former Mines at Ballingarry/Slieveardagh

The Minister gave a written answer to a Dáil Question (ref no. 29005/07) tabled by Deputy Michael Noonan (Nominated by Simon Coveney, TD) on Thursday, 15th November, 2007. The text is reproduced below.

To ask the Minister for Communications, Energy and Natural Resources his views on putting together a compensation package for the small number of coal mine workers who continue to suffer health problems as a result from their time in the mines, taking into account the effect this has on their families and considering the small numbers involved; and if he will make a statement on the matter.

REPLY

The issue in relation to former coal miners who suffer health problems as a result from their time in the mines is primarily one of disability or occupational injuries benefit entitlement and I understand that this matter has previously been referred to the Minister for Social and Family Affairs. I am afraid there is no scheme available to me from which to pay such compensation.

The background to this is that in November 2006, the then Minister, Mr. Noel Dempsey TD, met a delegation of former coal miners from the Slieveardagh coalfield who are suffering from health problems associated with their work as miners. The miners wished to have a compensation scheme similar to that which applies to coal miners in the UK. As the Minister pointed out to them at the time of the meeting, the scheme in the UK is administered through the State as the industry there had been nationalised.

Following the meeting, Minister Dempsey wrote to the Ministers for Enterprise, Trade & Employment and Social & family Affairs, and the Attorney General to see if there was anything that could be done. The Minister was subsequently asked by Deputies Michael Smith and John McGuinness, and Senator Paschal Mooney, about the possibility of establishing a task force to investigate the need for a compensation scheme.

Coal mining in Ireland is different from the UK in that, prior to privatisation in the 1980s, virtually all coalmines there were owned by the British Coal Corporation (BCC), and so the State was in effect the employer. The UK Department of Trade and Industry assumed all the liabilities of the BCC in 1998 and has been operating compensation schemes for respiratory and other illnesses contracted by miners. Those schemes are now closed to new applicants. No such scheme exists in Ireland.

Mianraí Teoranta was established in 1941 to explore for and develop non-coal minerals, and in the same year, Comhlucht Gual Láthrach Shliabh Ardachadh, Teoranta was established by the State under the Slieveardagh Coalfield Development Act, to develop the Slieveardagh coalfield. This included the Ballingarry colliery. The mine was sold to private enterprise in 1952 (for £50,000), and, having passed through a number of companies, eventually went into liquidation in 1972.

The Department does not have details on all of the miners involved but at least two of those who met the previous Minister in 2006 and supplied medical reports were born in the mid 1930s and could conceivably have worked in Ballingarry while it was owned by the State company.

Against this background, the letter to the Attorney General sought his advice on whether the State has any legal liability as former owners. However, the request for a task force does not relate solely to Ballingarry. Other coal miners would not have been employed in State enterprises, and many of the Ballingarry miners would have been there only while it was in private ownership. The question therefore becomes one of a general scheme of compensation or whether the existing scheme for occupational injuries benefit can apply in these cases.

The following is the text of a Written Answer, given by the Minister for Social & Family Affairs on 24 February 2004 to a Dáil Question from Deputy Séamus Pattison on the issue of miners' compensation:

'Employment under a contract of service as a miner is insurable for occupational injuries benefit, Occupational Injury Benefit (OIB), under the Social Welfare Acts. Miners who are unable to work due to an incapacity arising from their employment may be entitled to occupational injury benefit for the first 26 weeks of their claim. If their incapacity extends beyond that period they may receive disability benefit subject to meeting the qualifying conditions for that payment.

Miners may be entitled to disablement benefit if they suffer a loss of physical or mental faculty as a result of an accident at work or a disease prescribed in legislation that they contracted at work. Medical assessments are undertaken in all such cases to determine the degree of disablement, which is calculated by comparison of the state of health of the applicant with a person of the same age and gender. The degree of disablement is expressed as a percentage loss of faculty and the compensation payable varies accordingly.

Chronic emphysema and bronchitis and/or asthma, now known as chronic obstructive pulmonary disease, COPD, which have been contracted in the course of coal mining are not included in the list of occupational injuries prescribed diseases.

The position in the UK is that their equivalent of our OIB may be paid to coal miners who have worked underground for at least 20 years and who are diagnosed as having definite pneumoconiosis with considerable lung function loss. The effect of prescribing COPD was not to confer entitlement to people who did not already qualify for the UK equivalent of OIB but rather, to enable a higher rate of payment to be made to some pneumoconiosis sufferers in certain circumstances.

In Ireland, if COPD is present in cases where miners develop pneumoconiosis as a result of their occupation the disablement award will reflect this.'

In medical reports submitted by some of the men, however, it appears that there is a difference of medical opinion as to the primary cause of the respiratory problems and that full entitlement was not extended under the occupational injuries benefit scheme.

The following is the AG's response to the Minister's letter:

Highly Confidential – Legal Advice

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6. Minerals Development Bill

Mineral exploration and development is currently regulated through the Minerals Development Acts 1940 to 1999, which apply to both State and privately owned minerals. This is done through Prospecting Licences, and Mining Leases and Licences, and all actual work is done by the Private Sector. The Programme for Government includes a commitment to consolidate these Acts.

The Programme also states that further exploration for minerals is to be encouraged, while maximising the value added to the economy. Ireland is one of the leading zinc mining countries in the world and continues to attract high levels of exploration expenditure. This suggests that the current system is basically fit for purpose. It is well recognised that a single national system for regulating mineral exploration as well as clarity on the ownership of minerals is essential if private sector investment is to be attracted. Since State-owned and privately-owned minerals are intermingled, any such system will

impinge on private mineral rights, and primary legislation is therefore essential.

The objective of updating the legislation is to make better provision for:

- The development, management and control of minerals in the State;
- Regulating the exercise of private rights in respect of minerals;

In line with the proposals in Delivering Better Government and Regulation. The Bill will provide for greater transparency and predetermination of terms, including rents and royalties, which will streamline the permitting process, and will bring other aspects of the regulation of the minerals sector in line with current best practice.

The General Scheme of the new Minerals Development Bill was approved by the Government for drafting in 2006 but drafting did not commence until December 2007 and is still ongoing. The target for publication is now late 2008.

Petroleum Affairs Division

7. Corrib Gas Pipeline

In his report published in July 2006, Mr Peter Cassells recommended that, in order to address local concerns about the proximity of the pipeline route to houses, the developers should modify the route in the vicinity of Rossport. The developer (SEPIL) has committed itself to implementing the recommendation concerning the re-routing of the onshore pipeline.

Following an extensive public consultation process, SEPIL short listed five possible options for the new, with a view to finalising a preferred route.

SEPIL is expected to submit a new application to construct a pipeline on its preferred route in April 2008.

The Department will be engaged in the assessment of the environmental impacts of the pipeline as well the safety and engineering integrity of the pipeline during 2008.

This process will include the appointment of independent expertise to assist the Minister in his consideration of the application with regard to statutory compliance. It is anticipated that the assessment of the pipeline application will be completed within six months of its submission.

SEFIL will also have to make a separate application to An Bord Pleanála under the Planning and Development (Strategic Infrastructure) Act, 2006 as any such pipeline would fall within the definition of a strategic gas infrastructure project as provided for under the Act.

8. Safety of Pipelines – Transfer to CER

The Government has agreed to the drafting of a bill to confer responsibility for petroleum exploration and production on the Commission for Energy Regulation is currently being progressed in the Department. The enactment of this legislation will implement a key finding of safety studies carried out in relation to the Corrib onshore pipeline. It is anticipated that this Bill will be published during Q3 2008.

9. Licensing

The levels of licensing and exploration offshore Ireland are low compared to levels in Norway and the UK. Reasons for this include:

- the success in making commercial finds in these countries has drawn the exploration industry to the North Sea. Ireland has not had a similar level of success;
- Ireland's Atlantic Margin is at the edge of the continental shelf, and so has deeper waters which require larger more expensive drilling rigs.

Our present energy situation is that we have a huge dependence in imported oil and gas (100% of our oil and c85% of our gas requirement is imported). It is recognised that we need to reduce this dependency by promoting exploration that will lead to our indigenous hydrocarbon resources being produced.

There has been a significant upswing in levels of exploration activity in recent years. This is particularly evident in the number of exploration wells being drilled. The Department has been successful in encouraging exploration investment through its extensive promotion campaigns linked to regular licensing rounds.

At present there 22 exploration licences on issue offshore Ireland, which is the highest level for almost 10 years. Recent licensing rounds include North East Rockall (2005), Slyne/Erris/Donegal area (2006), and Porcupine Basin (2008, licences just issued). The next licensing round will be in the Rockall Basin in Q2 2009.

In advance of each licensing round the Department arranges for an extensive Strategic Environmental Assessment (SEA) process to be carried out over the area concerned. This process has been

strengthened by the involvement of a Steering Group comprised of industry, NGOs and State agencies.

10. Seabed Survey / INFOMAR Project

The NDP included, for the first time, €33M for the geoscience sector. This included €28M for INFOMAR, the successor to the Irish National Seabed Survey. The benefits arising from this survey will place Ireland at a competitive advantage in relation to leveraging international funding for offshore energy exploration, including offshore hydrocarbons, aggregates and renewal energy sources and the siting of a deep sea observatory in Irish waters. Already in the first two years of this programme, over 8,000sq.km of mapping has taken place and a major web data delivery system has been commissioned.

The DCENR INFOMAR project follows on from successful INSS (1999-2005). INFOMAR commenced in 2006 under approved Memo to Government, with initial budget of €4M p.a. for 2006-2008 period. Project was included in NDP (2007-2013) under the Geosciences Program at the same annual budget ie €28m to 2013. It is also specifically listed in the Strategy for Science, Technology and Innovation (SSTI) as a Key Action under the Marine component of Research in the Public Sector. The full implementation of the SSTI is listed as a commitment in the June 2007 Programme for Government. The project is managed as a joint venture between the Geological Survey of Ireland (DCENR) and the Marine Institute (DAAF).

Key achievements / outputs / progress during quarter 1 2008

- Production of full range of maps (bathymetry and seabed) for all areas mapped in 2007 i.e. Galway Bay, Bantry, Dunmanus and Waterford approaches.
- Successful INFOMAR Annual Seminar at Marine Institute in Galway.
- Launch of 2008 mapping plans, to include Sligo, Donegal and Dublin Bays.
- Successful commissioning of new marine mapping equipment on state vessel, the RV Celtic Voyager.

Expenditure

Profiled expenditure at end Q1 is €0.39M, recorded expenditure is c.€0.3M. The slight variation is due to a delay in billing by some contractors and the project is on track overall.

11. National Geoscience Programme

A National Geoscience Programme for Ireland 2007-2013, published jointly by the GSI and the Royal Irish Academy, was launched in

February, 2007. The overarching goal of this programme is to enhance and highlight the contribution that geoscience can make to Irish society. Geoscience impacts on many important aspects of national life, including the sustainable management of our environment, the development of our natural resources and infrastructure, and understanding and predicting natural hazards. Critically, through research, it provides an understanding of how the Earth works.

12. Geoscience Research (Griffith Awards)

The Government has made €3M available in 2007 for the awarding of grants in connection with geoscience research. These are being called the Griffith Awards after Richard Griffith, a well known Dublin Geologist. In order to develop what is still an embryonic research sector, funding is being provided to underpin strategic research in a number of key areas. Its aim is to put Ireland at the forefront of international geoscientific research in order to contribute significantly to the Government's Strategy for Science, Technology and Innovation. It is intended to improve Analytical Facilities in third- level institutes and develop a digital 3D model of Ireland's subsurface in order to support the strategic research and services planned under this strategy.

13. Ordnance Survey Ireland (OSi)

The Ordnance Survey Ireland (OSi) was placed on a statutory basis through the enactment of the Ordnance Survey Ireland Act 2001 (established in March 2002).

OSi's main business is the provision of mapping services, producing urban, rural, and tourism and leisure mapping at a variety of scales. This mapping is produced in digital form as well as on paper. OSi's customer base includes Government Departments and Offices, local authorities, utility companies, and the construction industry, as well as members of the general public.

In December 2003 the Government announced plans for relocating OSi's HQ to Dungarvan in Co. Waterford. The OSi currently maintains offices in six regional locations: Cork, Ennis, Kilkenny, Longford, Sligo and Tuam.

The OSi employs 323 staff and has a budget of €35million per annum, of which over €2million is invested in new technology every year. It generates revenues of about €29million per annum from its commercial activities.