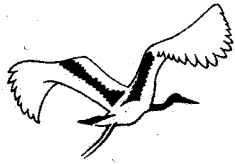


Appendix 4

ERA investigations into the Process Water Spill Incident: Letter from ERA



ERA Energy Resources of Australia Ltd

ACN 008 550 865

19 May 2000

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Dr Arthur Johnston
Supervising Scientist
ERISS
PO Box 461
DARWIN NT 0801

By facsimile: (08) 8981 4316

Dear Dr Johnston

ERA Investigations into the Process Water Spill Incident

As you are aware, following the concerns raised about the spill itself and the way in which it was handled, ERA undertook several investigations. One involved looking at the technical aspects of the process water spill and the extent of any environmental impact an investigation in which members of a number of external bodies, including the OSS, were invited to participate and review all available data. An interim report on that investigation and its findings will be forwarded to you on Friday 19 May 2000.

The other investigation focussed on the management and reporting of the incident. The intent of this investigation was to examine the personnel, organisation, practices and procedures at the Ranger mine in order to determine whether any or all of these factors were significant contributors to the unsatisfactory way in which this incident arose and was handled. This letter summarises the findings and actions that ERA proposes to take as a result of those findings.

Key factors contributing to the incident and the way it was handled were:

1. Organisational changes, resulting in a lack of external focus by site management.
2. Turnover of key personnel, resulting in loss of site experience and detailed familiarity with ER's.
3. Revision of Ranger ER's and ambiguity associated with the reporting process.
4. Very recent appointment of the Manager – ES&H, prior to the incident.

5. Complication of R&D trials in the near vicinity, leading to a degree of masking of the data.
6. A lack of assessment and interpretation of all relevant data prior to notifying external stakeholders.
7. Significant changes in site tailings management practices, leading to a departure from the original pipeline integrity monitoring criteria.
8. Unclear requirements on incident reporting within the Company, and consequent failure to trigger internal questioning.
9. Reliance on environmental impact potential at 009 sampling station, for assessment of seriousness, rather than trigger points within the operating site to initiate early investigations and remedial actions.

I would like to comment on the actions that ERA has taken or has planned in relation to the points listed above, in order to ensure improvement of Ranger's future performance.

Changes resulting in deposition of tailings in the disused Ranger #1 pit changed the focus on tailings spill prevention and retention in the vicinity of the tailings dam. Hence the inspection regime which encompassed the return process water line fell away when tailings were no longer being pumped through that part of the pipeline systems. This in turn meant that the significance of part of the process water line being buried under silt and rock debris during high rainfall run off over recent years, and the external corrosion of the buried flange bolts was missed.

Since repairing the leak, all of the process water line has been fully exposed, an access culvert across the line which was trapping silt has been totally removed, and sections of the process water line which were showing signs of external corrosion have been replaced. The value of being able to see any incipient problems at all joins in the line has been reinforced, and a procedure to slash grasses along the entire 2.5km of the pipeline has been introduced.

Organisational changes that have been made at Ranger and within ERA have been aimed at both addressing the changing expectations and aspirations of our employees, while at the same time meeting the expectations of our stakeholders in terms of the Ranger site performance. This has led to a broadening of job responsibilities, but also an inward focus which has tended to underscore the importance of the working relationships with external stakeholders, and led to uncertainty with a number of external bodies regarding effective interface with Ranger and ERA.

I have already commenced a process to strengthen the management team, specifically to address and facilitate effective interface with external stakeholders key to ERA's future.

Ranger's ability to effectively identify, interpret and rectify environmental incidents in a way which not only continues to protect the environment, but does it in a way which satisfies traditional owners, regulators and supervisory authorities is dependent to a large extent on

the calibre and experience of its senior environmental scientists. A Senior Environmental Scientist will be recruited as a matter of urgency to support the Manager – Environment, Safety and Health in fulfilling his responsibilities.

An important part of a flatter organisational structure being effective is that people throughout the structure are fully conversant with the requirements of their jobs. For this reason we will be documenting training sessions with all environmental staff on the new ER's, to ensure they are well understood. An important precursor to this will be clarification of interpretation of any part of the ER's that may be unclear. A meeting of the MTC has been proposed to commence this process.

Research and Development projects being undertaken at Ranger are vital in both better understanding ongoing impacts of our operations on the environment and demonstrating the effectiveness of proposed rehabilitation strategies. However, it is important that these projects don't mask or complicate the job of protecting the environment from Ranger's processing operations.

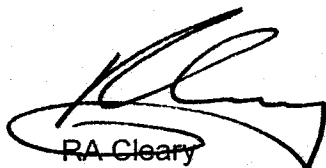
It is proposed that current and future R&D projects be openly discussed with external stakeholders, both in the intent and nature of the projects, and access to ongoing data as it is accumulated. This will ensure that any anomalous results are identified, discussed, reviewed and investigated when warranted.

The fact that the Ranger environmental performance is assessed at the 009 sampling station, and that Ranger has been assessed as having no detrimental impact on the environment outside the Ranger project area, has not served to give comfort to local Aboriginal people that their country is being protected.

In order to address this concern, discussions are proposed with a number of key external groups aimed at identifying a number of monitoring sites within the Ranger operating area which can serve as early sentinels of something untoward happening within the site. Agreement needs to be reached regarding appropriate trigger levels for notification at these various sites in order to ensure that transient situations which can be shown to have only localised impact to not serve to heighten rather than alleviate Aboriginal concern when they are reported.

The actions taken and planned by ERA in response to the investigation of this incident are extensive and far reaching, and will hopefully satisfy your Minister that the Company has treated this matter seriously and has responded accordingly.

Yours sincerely



RA Cleary
Chief Executive