



# West Virginia Coal: Our Natural Advantage

Presented by Chris Hamilton  
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# West Virginia Coal: Our natural advantage

## Background:

Coal has long been one of the state's leading industries.

- Thousands of good paying jobs
- Millions of payroll and tax dollars for local and state economies
- Low cost, dependable electricity



# **West Virginia Coal: Our natural advantage**

## **A Moment of Opportunity:**

**We have the opportunity now to become the nation's center of energy and commerce – if we approach it correctly – with reason, intelligence and common sense**

**Our state's role is critically important to our nation's quest to become energy independent.**

# West Virginia Coal: Our natural advantage

## Poised for the Future:

The West Virginia coal industry is well-poised on high-growth opportunities as the country pursues energy independence and economic growth from a strong domestic energy industry

- The industry has great capacity
- Committed management teams in place
- Aggressive business plans
- Qualified, experienced workforce
- Strong will to succeed



# West Virginia Coal: Our natural advantage

Our future success is dependent on how national challenges are addressed

- Global climate change
- Cap and Trade legislation
- Increasing renewable portfolio
- EPA's assault on coal
- War on mountaintop mining



# EPA Interference

- Formal objections to mine permits (404 and 402)
- Interagency MOU- Revise permitting and policy
- Enhanced Coordinated Review Process  
(*Enhanced Permit Delay*)
- 79 Permits held hostage
- Ecological Assessment
- Suspension of NWP 21
- Revoke the Spruce Fork Permit
- First comment letter on non-surface mine: coal refuse facility for longwall mine

# OSM Interference

- More federal inspections
- Direct federal modifications to state issued permit
- OSM becomes the “co-regulator” of mining without regard to state primacy
- Direct reporting by mining companies to OSM
- Proposed regulations- Stream Buffer Zone and Approximate Original Contour, etc.

# West Virginia Coal: Our natural advantage

## THE BASICS

- The second leading coal producing state (161 million tons)
- Leading underground coal producing state (95 million tons)
- Surface mine production (65 million tons)
- Leading coal export state (@ 20 million tons) –
- 70 percent of production shipped to 26 domestic states and 23 foreign countries.
- West Virginia coal powers 40 percent of the East Coast.



# West Virginia Coal: Our natural advantage

## The Economics

Industry forms the bedrock of the state's economy:

- Providing for 12 percent of the state's GDP.
- More than 50,000 West Virginia families depend on the coal industry for their livelihoods.
- 30 percent of the total state earnings come from coal (2 billion)
- \$13 billion in overall economic activity.



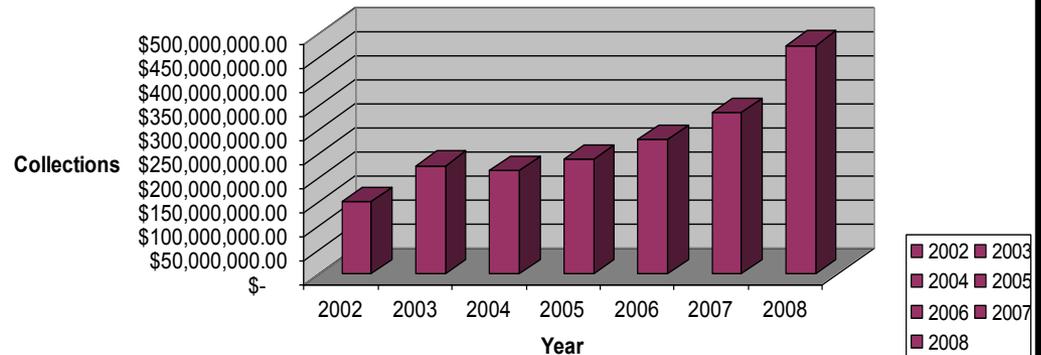
# West Virginia Coal: Our natural advantage

## THE ECONOMICS:

The industry paid approximately \$400 million in severance taxes in West Virginia alone during FY 2008-2009

- Coal and electric utilities together pay more than 60 percent of the state's business taxes
- Coal mining is a \$17 billion industry in West Virginia alone

**NOTE:** The graph at right shows coal severance dollars growing from a floor of \$183 million in 2001 to \$400 million 2008.



# Mountaintop Mining

*Critical to the future of communities*

## Surface Mining Production Selected Counties (West Virginia)

County	% Surface Mine Production	Total Production
● Boone	62 percent	34 million tons
● Clay	95 percent	4 million tons
● Fayette	43 percent	4 million tons
● Kanawha	42 percent	12 million tons
● Logan	69 percent	15 million tons
● Mingo	53 percent	12 million tons
● McDowell	50 percent	6 million tons
● Nicholas	72 percent	4 million tons
● Raleigh	46 percent	9 million tons
● Wayne	55 percent	5 million tons
● Webster	88 percent	5 million tons
● Wyoming	46 percent	5 million tons

# West Virginia Coal: Our natural advantage

## THE ECONOMICS What's At Risk?

**Central Appalachian states (WV, KY, VA) surface mined 131 million tons in 2008**

- **11% of total US coal production**
  - **Estimated 77,000 jobs (direct and indirect) sustained by surface mining in Central Appalachia**

**Surface mines in WV produced 69 million tons or 42% of the state's total production**

- **6,164 workers directly employed (2008 MSHA data)**
- **More than 30,000 other WV jobs depend on surface mining**

**Using an estimate of \$50 per ton, WV's severance tax of 5% generated approximately \$172.5 million of the \$410 million paid on all coal production in 2008.**

# West Virginia Coal: Our natural advantage

**Premise:** It is in the nation's best interest for the Central Appalachian coal and energy industries to remain viable and competitive in global markets.

# Public Image of Coal

**Pick and Shovel**



**Destruction of the Land**

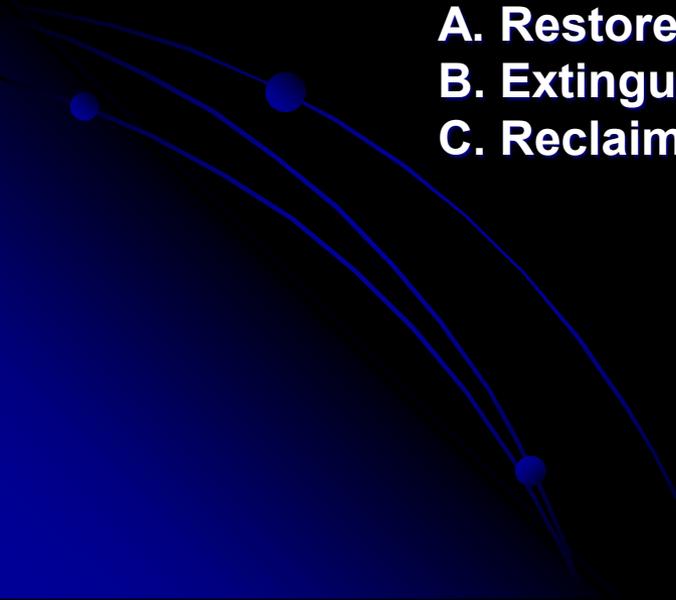


# Coal's Image

## Congress passes SMCRA (1977)

- A. Established Performance Standards
- B. Increased bond levels
- C. Ownership & Control

## Today's MTM Operations

- A. Restore Streams
  - B. Extinguish Mine Fires
  - C. Reclaim Abandoned Sites (High Walls & Mine Seals)
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# Surface Mining

*What you always see!*



Active MTR and Contour Mining

# Surface Mining

*What you always see!*



Active MTR and Contour Mining

# Surface Mining

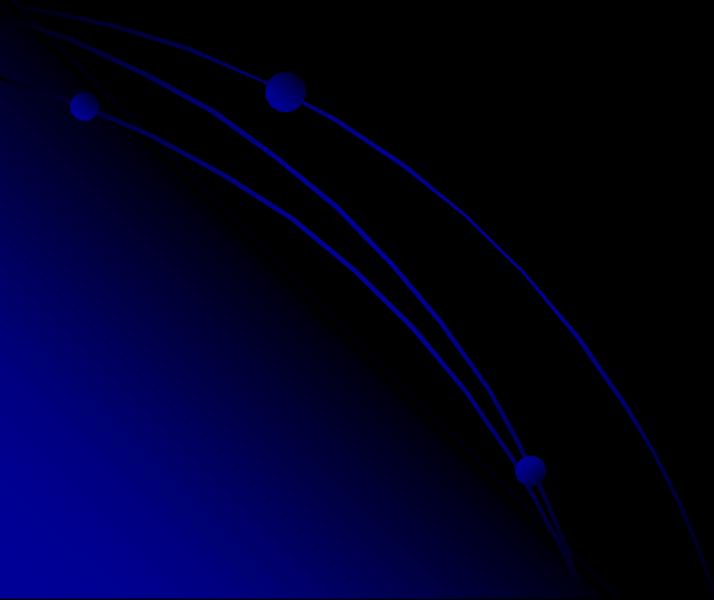
*What you always see!*



Active MTR and Contour Mining

# **RESTORATION**

## **The Facts in Photos**

- **Regrading**
  - **Revegetation**
  - **Reforestation**
- 

# Surface Mining

## *The Rest of the Story*



The first phase of restoration is “regrading.” We rebuild the mountain ridges to approximate their original shape and appearance.

# Surface Mining

## *The Rest of the Story*



The second phase is "revegetation."

# Surface Mining

*The Rest of the Story*



Early Phase 3 reclamation – “reforestation”

# Surface Mining

## *The Rest of the Story*



Mid- to late- Phase 3 Restoration is "naturalization"

# Surface Mining

*The Rest of the Story*



**This is an artist's approximation of what current operations at Kayford Mountain will look like after restoration. At right is the same picture today.**

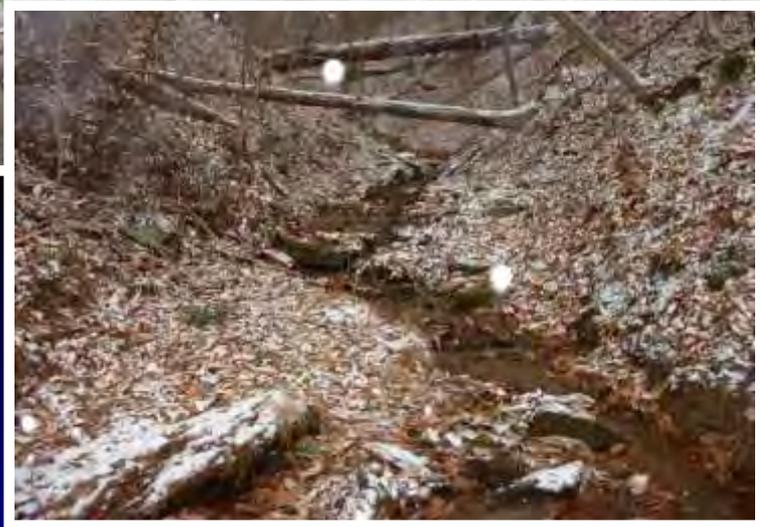
# Mountaintop Mining

Surface mining methods are essentially the same as the construction methods use for highway construction, shopping centers, schools, etc.

- West Virginia's mountainous terrain requires material handling and placement and these are called valley fills.
- **In mining, valley fills** are engineered structures where the rock and dirt from mining excavation is placed according to a plan designed by engineers and approved by government agencies.
- The fills usually occur in **dry stream beds** of what are known as **ephemeral or intermittent streams** – streams that flow only when it rains.

# Mountaintop Mining

*Pre-mining "streams" impacted by mining*



# Mountaintop Mining

*There is no such thing as a “valley fill ...”*

Fills are actually placed in the very highest reaches of an existing ravine. No “valley floors” are filled as so often portrayed by the media.

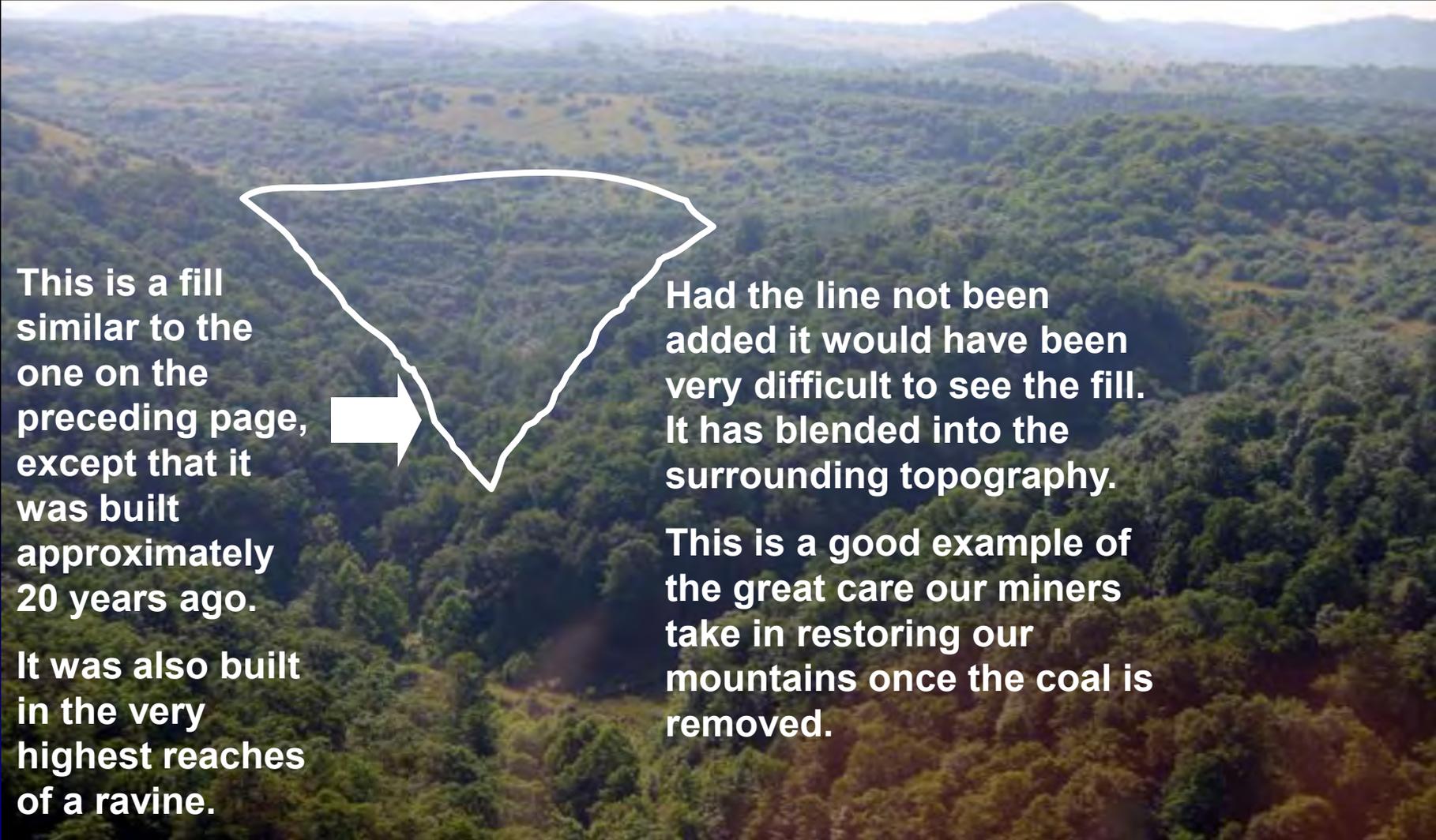


Note the surrounding natural land forms.

Once restoration is complete, it will be difficult to tell this fill from a natural hill side.

# Mountaintop Mining

*There is no such thing as a “valley fill ...”*



This is a fill similar to the one on the preceding page, except that it was built approximately 20 years ago.

It was also built in the very highest reaches of a ravine.

Had the line not been added it would have been very difficult to see the fill. It has blended into the surrounding topography.

This is a good example of the great care our miners take in restoring our mountains once the coal is removed.

# MOUNTAINTOP MINING

*Targeted operations in a defined area*

Without mining, the people of Central Appalachia would be forced to build their homes and businesses on either a 20-year flood plain or perched on the side of a 45 degree slope.



**Cross-section of mountain at a construction site showing why level land is needed in Appalachia**

# Alternate Post-Mining Land Use

**MINING** creates level land, land that has the potential for many other uses. **Properly planned, mountaintop mining can truly be said to be “building a new West Virginia.”**



## DEVELOPED SITES

### West Virginia:

- Weirton
- Pete Dye golf course
- Mount View High School built in 1980
- New Hope Village - homes for 70 families
- Knights of Columbus Community Park built in the 1980's by Buffalo Coal Co
- Davis Cemetery
- Robert Byrd High School built in the 1970's
- Logan County Airport
- Weirton housing development and hospital
- Anker Sports Complex
- Twisted Gun Golf course
- Hilltop hunting preserve
- Hatfield-McCoy Trail

# Alternate Post-Mining Land Use

## The Rest of the Story

Former surface mines can provide the flat land so essential to industrial and community development



**Earl Ray Tomblin Hotel and Convention Center**

Located on a former surface mine near Logan, WV., this is a clear example the myriad uses for former surface mine land.

# Alternate Post-Mining Land Use

## The Rest of the Story

Mylan Park in Morgantown is built on a former surface mine site.



# Alternate Post-Mining Land Use

## The Rest of the Story

The FBI Center in Clarksburg is built on a former surface mine site. It provides jobs for hundreds and served as a development springboard for the area



# Alternate Post-Mining Land Use

## The Rest of the Story

### **Weirton Medical Center (Weirton)**

About 85 percent of modern-day Weirton is built on surface mined sites that have been reclaimed and developed in the late-1970s.

Weirton's post-mining land use includes housing Developments and the city's hospital

which was built in 1978.



# Alternate Post-Mining Land Use



**Housing subdivision**

# Alternate Post-Mining Land Use

## The Rest of the Story

A shopping mall in Bridgeport shows the wide range of development made possible across the state by the cooperation of mining and local planners.



# Alternate Post-Mining Land Use

## Mingo County Mountaintop Post-Mine Land Use Projects



# West Virginia Coal: Our Natural Advantage

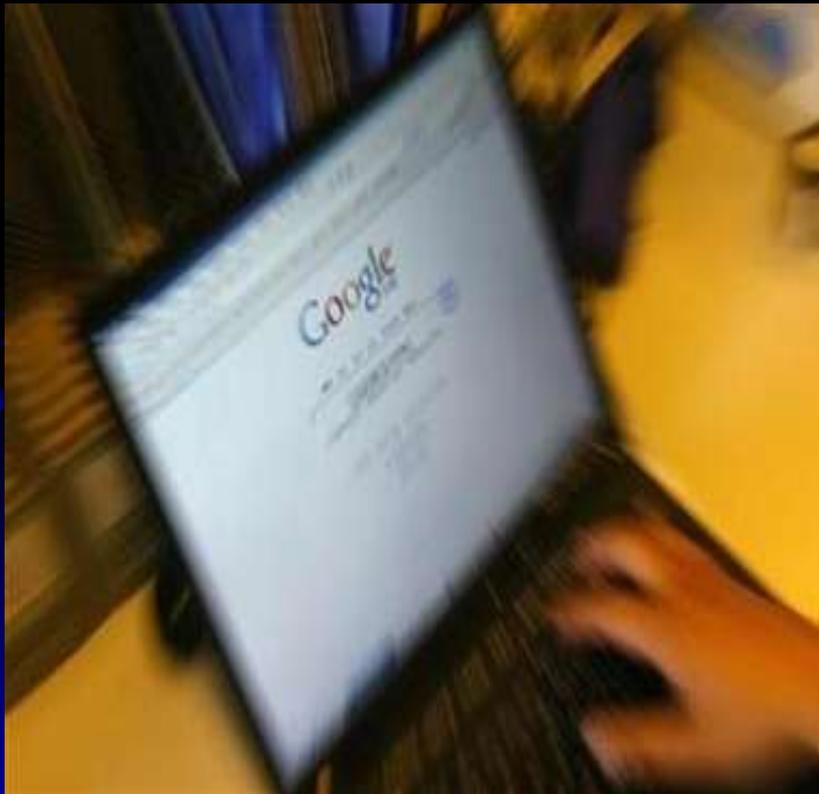
## We Can Have Both!

West Virginia demonstrates every day that we can have a thriving industrial base and robust tourism while protecting our natural environment.



# West Virginia Coal: Our natural advantage

Where does  
our country  
get electricity?



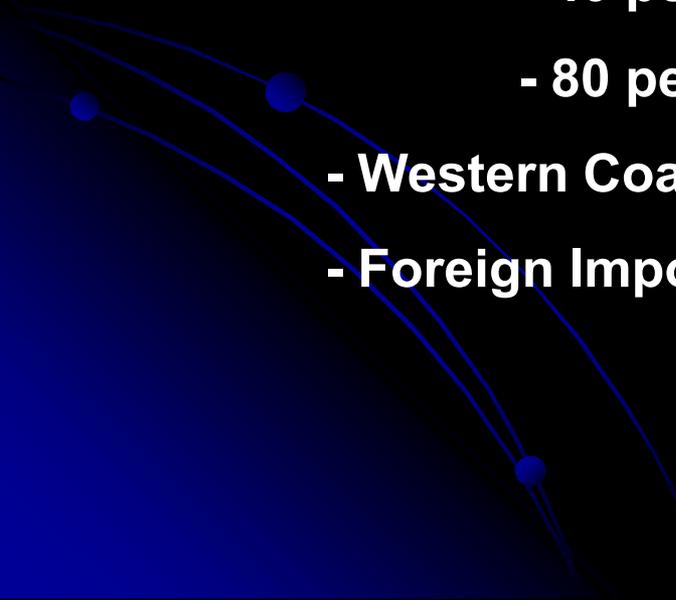
- **Coal** 52%
- **Nuclear** 20%
- **Natural gas** 16%
- **Hydropower** 7%
- **Oil** 3%
- **Renewables** 2%  
(wind, solar, biomass  
and geothermal)

# West Virginia Coal: Our natural advantage

## Energy Forecast

World energy needs and coal usage will increase.

The real question is not whether coal will continue to be used but rather where will it come from?

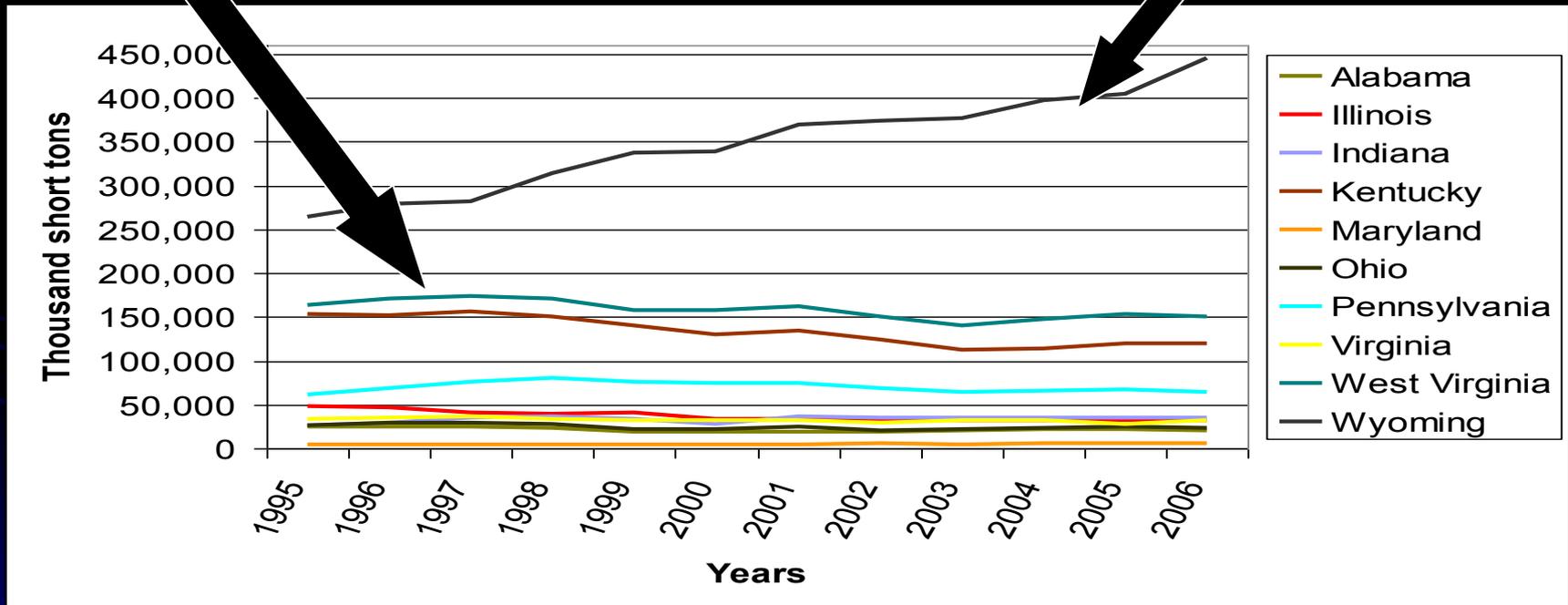
- East of the Mississippi River
    - 40 percent of the nation's output
    - 80 percent of mining jobs
  - Western Coal
  - Foreign Imports
- 

# West Virginia Coal: Our natural advantage

West Virginia

Wyoming

## Coal Production by State



# OUR COMPETITION



**A Powder River, Wyoming Coal Seam**

# West Virginia Coal: Our natural advantage

## Competitive Forces:

The region's coal industry competes in regional, national and international markets where the tightest of margins exists

- Western coal is on the rise
- Imported coal encroaches on Southeastern and Mid-Atlantic markets

Coal Imports  
continue to  
rise!



# Market forces on West Virginia Coal

- Declining coal prices
- Federal/state safety regulations
- Litigation
- Increased imports
- Production expenses
  - fuel, steel, rubber tires, permitting delays
- PRB competition
- Geological challenges
- Manpower needs



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# West Virginia Coal: Our natural advantage

## Program to foster economic growth and expansion of the energy portfolio

- Functional state energy department
- Strong energy voice
- Leadership in carbon capture and control strategies
- Implement coal-to-liquids technology
- Manpower assistance (recruitment and training)
- Infrastructure and technology incentives
- Predictable mine permitting process
- Fair and consistent regulatory and enforcement framework
- Fair, growth-oriented tax structure
- Mining technology research

# West Virginia Coal: Our natural advantage

The National Agenda is “Out-of-Whack!”

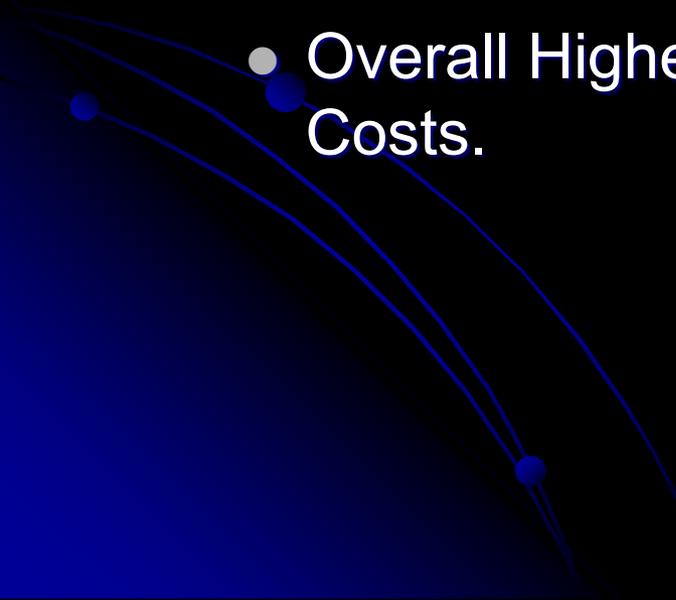
- Global climate change
- Cap and Trade legislation
- Increasing renewable portfolio
- EPA’s assault on coal
- War on mountaintop mining



The current agenda is regressive, punitive and will displace workers.

# West Virginia Coal: Our natural advantage

## Consequences of Ill-Conceived Priorities:

- Immediate and substantial job losses
  - Negative economic impact
  - Astronomical Cost of Transforming Energy Grid
  - Overall Higher Household and Industrial Power Costs.
- 

# West Virginia Coal: Our natural advantage

## Situation Analysis

- WORLD ENERGY DEMANDS WILL INCREASE AND COAL WILL CONTINUE AS A PREDOMINANT ENERGY SOURCE
- COAL IS THE KEY TO ENERGY INDEPENDENCE AND NATIONAL SECURITY!
- AMERICA'S COAL INFRASTRUCTURE IS WELL ESTABLISHED

## Recommendation

State executives and legislatures must join together to preserve and protect the coal industry and mining-related jobs in the Appalachian region which is a critical component of the nation's energy portfolio.

**How do we get there?**

# West Virginia Coal: Our natural advantage

National agenda should be:

- National Security & Defense
- Energy Independence
- National Energy Policy
- Coal to Liquids Reality
- Mine Production &  
Combustion Technologies
- Natural Resources as Assets



# **West Virginia Coal: Our natural advantage**

**THE END!**

