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

The Coalition for Mountaintop Mining
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.
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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

Coalition for Mountaintop Mining
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.
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.
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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.
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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.

Coalition for Mountaintop Mining
Mountaintop Mining
Critical to the future of communities

Surface Mining Production
Selected Counties (West Virginia)

<table>
<thead>
<tr>
<th>County</th>
<th>% Surface Mine Production</th>
<th>Total Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boone</td>
<td>62 percent</td>
<td>34 million tons</td>
</tr>
<tr>
<td>Clay</td>
<td>95 percent</td>
<td>4 million tons</td>
</tr>
<tr>
<td>Fayette</td>
<td>43 percent</td>
<td>4 million tons</td>
</tr>
<tr>
<td>Kanawha</td>
<td>42 percent</td>
<td>12 million tons</td>
</tr>
<tr>
<td>Logan</td>
<td>69 percent</td>
<td>15 million tons</td>
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<tr>
<td>Mingo</td>
<td>53 percent</td>
<td>12 million tons</td>
</tr>
<tr>
<td>McDowell</td>
<td>50 percent</td>
<td>6 million tons</td>
</tr>
<tr>
<td>Nicholas</td>
<td>72 percent</td>
<td>4 million tons</td>
</tr>
<tr>
<td>Raleigh</td>
<td>46 percent</td>
<td>9 million tons</td>
</tr>
<tr>
<td>Wayne</td>
<td>55 percent</td>
<td>5 million tons</td>
</tr>
<tr>
<td>Webster</td>
<td>88 percent</td>
<td>5 million tons</td>
</tr>
<tr>
<td>Wyoming</td>
<td>46 percent</td>
<td>5 million tons</td>
</tr>
</tbody>
</table>
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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.

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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.

Coalition for Mountaintop Mining
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)
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
The first phase of restoration is “regrading.” We rebuild the mountain ridges to approximate their original shape and appearance.
The second phase is “revegetation.”
Surface Mining
The Rest of the Story

Early Phase 3 reclamation – “reforestation”
Mid- to late- Phase 3 Restoration is “naturalization”
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
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 of 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

Twisted Gun Golf Course

Mingo County Industrial Park

King Coal Highway & School Site
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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.
Where does our country get electricity?

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

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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
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Coal Production by State

West Virginia

Wyoming

Coal Production by State 1995 - 2006

Years

0
50,000
100,000
150,000
200,000
250,000
300,000
350,000
400,000
450,000

Thousand short tons

Alabama
Illinois
Indiana
Kentucky
Maryland
Ohio
Pennsylvania
Virginia
West Virginia
Wyoming

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Years

OUR COMPETITION

A Powder River, Wyoming Coal Seam

Approximately 100 feet
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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
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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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
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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.
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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.
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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?
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National agenda should be:

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