## West Virginia Coal -----2012 -------- 2013

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Production</strong></td>
<td>129,107,370</td>
<td>117,518,279</td>
</tr>
<tr>
<td>Underground</td>
<td>89,210,479</td>
<td>86,148,225</td>
</tr>
<tr>
<td>Surface</td>
<td>39,896,891</td>
<td>31,370,054</td>
</tr>
<tr>
<td><strong>Number of Mines</strong></td>
<td>184</td>
<td>152</td>
</tr>
<tr>
<td>Underground</td>
<td>114</td>
<td>112</td>
</tr>
<tr>
<td>Surface</td>
<td>70</td>
<td>40</td>
</tr>
<tr>
<td><strong>WV Coal “Direct” Employment</strong></td>
<td>22,351</td>
<td>19,427(18,200)</td>
</tr>
<tr>
<td>Underground</td>
<td>16,868 (14,100)</td>
<td>14,794 (14,100)</td>
</tr>
<tr>
<td>Surface</td>
<td>5,483</td>
<td>4,633 (4,100)</td>
</tr>
<tr>
<td>Coal Handling Facilities</td>
<td>2,150</td>
<td>2,050</td>
</tr>
<tr>
<td>Contractors</td>
<td>29,375</td>
<td>29,000 (26,970)</td>
</tr>
<tr>
<td><strong>Total Coal Employment</strong></td>
<td>53,934</td>
<td>50,477 (47,116)</td>
</tr>
<tr>
<td>Average Annual Coal Wage</td>
<td>$68,500</td>
<td>$72,500</td>
</tr>
<tr>
<td>Coal Severance/WC Tax Paid</td>
<td>$532.5 Million</td>
<td>$451.8 Million</td>
</tr>
<tr>
<td>Estimated Production Value</td>
<td>$7.746 Billion</td>
<td>$7.101 Billion</td>
</tr>
<tr>
<td>Share of WV’s GDP</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>
West Virginia's Coal Mining Counties

- Current Active Mining Operations
- Recently Operations Not Producing
- Known Mining Reserves
West Virginia Coal 2014--- Helping us SURVIVE

- 27 coal-producing counties (of 55 total)
  - Marshall #1 (17.1M); Boone #2 (15.7M)

- The #2 coal-producing state
  - Shipped to 26 domestic states
  - Baltimore – Washington area

- #1 underground-coal producing state

- #1 coal-export state (@ 50%)
  - Shipped to 37 foreign countries

- 32 million tons = 97% WV’s electricity
  - 50% WV coal ??

- 16 coal-fired plants = 86% compliant
  - Longview Plant = most modern

- 56% WV electricity – exported

- 33% Appalachian “Demonstrated Reserves”
  - EIA --- 31.7 Billion Tons (13Bt-met)

WV COAL Keeps U.S. Independent
Coal Production and Severance Collections
FY 2007-2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Severance</th>
<th>Production Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>$384,466,833</td>
<td>$161,237,538</td>
</tr>
<tr>
<td>2007-08</td>
<td>$419,708,280</td>
<td>$165,750,817</td>
</tr>
<tr>
<td>2008-09</td>
<td>$458,141,521</td>
<td>$144,017,758</td>
</tr>
<tr>
<td>2009-10</td>
<td>$481,188,425</td>
<td>$143,247,932</td>
</tr>
<tr>
<td>2010-11</td>
<td>$527,572,390</td>
<td>$137,498,509</td>
</tr>
<tr>
<td>2011-12</td>
<td>$532,506,496</td>
<td>$129,107,370</td>
</tr>
<tr>
<td>2012-13</td>
<td>$451,760,614</td>
<td>$117,518,279</td>
</tr>
</tbody>
</table>
Coal Taxes to counties and schools

Non-Coal Producing Counties Distribution -- $8 million

Coal Producing Counties Distribution ------ $27 million

Total Coal Severance Payments Distributed -- $35 million

Infrastructure Revolving Fund ----- $16 million

Property Taxes ------------------------$ 70 million
Challenges

- Economic “uncertainty”
- Federal government impositions & behavior
  - “Encourage, not discourage”
  - MSHA --- OSM --- EPA
  - Government “picking” winners & losers (level “playing field”)
- NSPS – New and Existing Plants (CO₂)
  - Using “non-consensus” science
  - Technology “not available”
  - Ability to update boilers
- Premature plant closures
  - 58 that use WV coal to close by 2018
- Natural gas prices
- Challenging reserve base (50 billion tons)
  - Same equipment -- same labor pool
  - Level “playing field” (federal & other states)
- Transportation
- Loss of “respect” for our miners and managers
EPA’s “Air War” on the consumers

- **CSAPR**
  - $2-3 billion annually

- **HgMACT**
  - $10-11 billion annually

- **NAAQS**
  - SO₂, NOₓ, PM, CO, Ozone, Lead
  - Initial Cost = $1.5 billion annually
  - $19-25 billion annually by 2020
  - 90% SO₂, NOₓ, PM reduced per kWh

- **GHG NSPS**
  - No New Coal Plants
  - Technology Does Not Exist

- **COAL ASH** (threatened)
  - $1.5 billion annually

- **TOTAL PROJECTED IMPACT**
  - $22.5 billion - $40.5 billion

--------------------------------------------------------------------------------------------------------------------------

- **Current Fleet** - 1,300 coal units = 310,000 MW
  - Announced EPA “shutting down” – 62,000MW by 2025 (20%)
  - If entire coal fleet “shut-down” by 2050! Would reduce ---
    - CO₂ by 1%
    - Temp by 0.03 degrees C
    - Sea Level by 1.1mm  (a dime is 1.35mm thick)

- **Consumers BEWARE ---- Winter 2015-16!!!!!**
We will “PUSH to SURVIVE!”

Assets & Opportunities

• **There’s “no substitute”**
  - Coal “fastest growing” fossil fuel – “most prominent” by 2015
    - 19% world population – NO electricity
    - 3.6 Billion people – NO or only PARTIAL access to electricity
    - India – adding 75 gigawatts new generation – 5 years
      - 250 million tons / year

• **Best coal miners & managers in the world**

• **Best (quality) coal in the world**

• **Work with State administration, Legislature & Attorney General**
  - Maintain environmental protection & safety with a “level” playing field
  - State mine-permitting times improving
  - Generation assets under PSC jurisdiction

• **Question, stop, delay EPA’s proposals on GHG controls**
  - Take advantage—current U.S. CO2 emissions – 23% below 2005 levels!
  - State plan to EPA or not?
  - Litigation and comment
  - Reliability of the grid (plant closures)
  - “Environmental Justice” for our miners
We will “PUSH to SURVIVE!”

Assets & Opportunities

- **A ton of “WV” coal has more value than (just) price** – to WV
  - 16 million tons of additional production
  - 50 billion tons of reserve (we’ve mined 13 billion)

- **Enhance and encourage exports**
  - Location to ports – rail cooperation needed

- **America has more coal than any other country**
  - 87 Billion more than the 2nd largest (Russia)
  - WV has some of the “highest quality” coal – plenty of it

- **Leadership change in the U.S. Senate – Maintain House**

- **Encourage business development**
  - Increase demand for electricity
  - Agriculture projects
  - Providing useable land and highways
  - Power generating plants are manufacturing facilities
Sustaining for the Future
Development & Diversification

• MINING can provide “developable” land that can “help build a new West Virginia.”

  DEVELOPED SITES

  ▪ Joint Base West Virginia – Tyler-Morgan, Fola, Logan & Mingo (DoD/National Guard)
  ▪ Agriculture – Beekeepers/Cattle/Veterans
  ▪ Bechtel Summit Boy Scout Complex – Fayette
  ▪ Mingo Central High School
  ▪ Earl Ray Tomblin Conference Center-Chief Logan
  ▪ King Coal Highway
  ▪ Mingo & Logan Counties’ Regional Airports
  ▪ Twisted Gun Golf Course
  ▪ Hatfield-McCoy Trail System
  ▪ The City of Weirton
  ▪ Pete Dye golf course
  ▪ Mount View High
  ▪ Robert Byrd High School
  ▪ Regional jails and federal prisons
  ▪ Anker Sports Complex
  ▪ Beckley YMCA Soccer Complex
  ▪ FBI Complex
  ▪ Mylan Park
  ▪ Bright Mountain Subdivision
The Bottom Line

Our **OBJECTIVE** – Everyday!

• Keep our people working – in West Virginia!

Thank you