

Excerpts from Recent Coal Industry Publications

From: Coal & Energy Price Report,
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The coal industry knew diverse outcomes were possible in the long-awaited 4th Circuit Court of Appeals mountaintop mining ruling. Few folks would have admitted to expecting to win the thing in a rout.

“Everybody was surprised,” a senior executive with one major Eastern mining company said. “We prepared ourselves for a 2-1 decision the other way. At best, we thought they might muddle it up and throw it back to Chambers (the judge who decided against the industry at the district level).”

“Mines that were forced into long haul-backs will now be able to start using a permitted valley fill site and reduce costs,” a market analyst noted.

In general, the decreased threat to surface mining is bearish to prices. The spread between the cost of deep- and surface-mine coal will “probably be pretty significant,” a mining executive said. The heavy regulatory impact on the cost of underground mining has not been relieved, and on the surface front, “the black cloud looks like it’s going to go away,” for a while.

Given the weak economy and downward pressure on coal prices, in general, the table suddenly has tilted in such a way that more underground mines will be in danger of falling off the cliff. Deep mine operators who have been reluctant to idle mines in the face of a potential forced shut-down of surface jobs might re-think their hesitation.

From: U.S. Coal Review
No. 1743
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Production cuts? Ain’t seen nothin’ yet

How much more does production need to be cut in the Eastern coal- fields? The simple answer from a large number of producers and sellers is: a whole lot more.

Most large producers have already announced sizeable trimming efforts, and reductions by smaller operators, while more difficult to estimate, are no doubt taking place. But in the current market environment in which demand is seriously slumping, the cutbacks are expected to continue in fairly big numbers.

“Production is coming off hard,” a source said. “The economy is in the tank, so there will continue to be drastic cuts. The demand for met coal is just not there, and the demand for steam coal is down. Demand is way down in the South, and the Midwest is also taking a hit.