# Coal mine closures and layoffs continue throughout US

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The wave of mine closures and layoffs in the US coal industry continued throughout the second half of 2014, with hundreds of miners being laid off in West Virginia, Kentucky, Colorado, Indiana and Utah.

In late December, Patriot Coal announced it was laying off 670 workers and permanently closing its Highland Mine and its Dodge Hill mining complex. Both mines are in western Kentucky where the company is preparing to sell some of its reserves to Alliance Resource Partners.

The 400 miners at the Highland mine are members of United Mine Workers of America (UMWA), which offered no resistance to the move.

The Kentucky closures come on the heels of Patriot's decision in November to lay off 130 workers at its Corridor G mining complex in Boone County, West Virginia. In June, the company laid off 60 workers at its Wells mining complex, also in Boone County, and an additional 15 workers at Corridor G.

Patriot has blamed its production cuts on low natural gas prices, regulations from the US Environmental Protection Agency (EPA) and high production costs at its mines. With the help of the UMWA, the company emerged from bankruptcy in December 2013 after dumping its retiree health care obligations and wrenching a concessions contract from its union miners.

The layoffs have been centered in southern West Virginia and eastern Kentucky, once the strongholds of the UMWA. After decades of betrayed strikes and collaboration with the employers' drive to slash jobs and labor costs, little is left of the UMWA in these areas.

In mid-December, Alpha Natural Resources announced it was laying off 10 workers at its Wyoming No. 2 mine in Wyoming County, West Virginia. The move follows several layoffs carried out by the company in November at coal mines in southern West Virginia and eastern Kentucky.

Alpha's Cucumber Mine in McDowell County, West Virginia was permanently idled, affecting 36 miners. A section of the company's Ruby Energy Mine in Mingo County, West Virginia was shut down, reducing the workforce by 22. Cuts at Alpha's Rock Spring Development mining complex in Wayne County, West Virginia cost 25 jobs. The company also idled its Taylor Fork Mine in Pike County, Kentucky, laying off 12 miners, with 36 others remaining on the job to remove the mine's equipment.

In September, Alpha laid off more than 260 workers at mines in West Virginia. The company idled its Twilight surface mine in Boone County and its Ewing Fork No. 1 surface mine in Kanawha and Fayette counties, resulting in 193 layoffs. Alpha subsidiary Marfork Coal Company also idled its Marsh Fork underground mine in Raleigh County and eliminated 68 positions across several other operations.

Alpha also announced in August that it would permanently idle its Emerald Mine near Waynesburg, Pennsylvania by the end of 2015, affecting the 500 workers currently employed at the unionized operation. The company cited the weak coal market and the mine's dwindling reserves in its decision. The company said it hopes to transfer some of the miners to its nearby Cumberland mine but has not guaranteed there will be no layoffs.

In October, Coal River Energy confirmed it was laying off 130 employees at two underground mines and two surface mines in Boone County. In their decision, the company cited "weak coal demand and government regulations that challenge its operations."

Multinational steel giant ArcelorMittal confirmed in late December that it had laid off 58 miners at its Concept, XMV and Extra Energy mines in McDowell County, West Virginia. According to company communications manager Bill Steers, the cuts were an effort to "remain competitive against a challenging market environment."

The job losses occur in the context of a general crisis in US coal production, as cheap and abundant natural gas competes favorably with thermal coal for domestic energy production and the global economic crisis tempers demand for metallurgical coal used in steel production. According to the most recently available data from the Mine Safety and Health Administration (MSHA), the number of operating coal mines in the US fell to 1,701 in 2013, down from 1,944 in 2010.

An analysis of MSHA data conducted last year by *SNL Financial* claimed that US coal mining employment was in a “free fall” since its last short-term peak in the fourth quarter of 2011. Since then, average coal mining employment has plunged by more than 17,000 jobs through the first quarter of 2014. Nearly 14,300 of these were lost in the Appalachian coalfields.

Central Appalachia—mainly southern West Virginia and eastern Kentucky—continues its structural decline. The extensively-mined coal seams of the Appalachian coalfields are thinning, leading to higher production costs compared to the Illinois coal basin (Illinois, Indiana, and eastern Kentucky) and the massive strip mines of Wyoming’s Powder River Basin. Coal production in Central Appalachia is forecast to decline to half its 2010 level by the end of the current decade.

Patriot’s closures in western Kentucky are particularly significant because the area is part of the Illinois coal basin, which has thicker seams and is cheaper to mine than its Central Appalachian mines in the eastern part of the state. Only months before, the western operations were seen as a lifeline after hiring out-of-work miners from eastern Kentucky.

The mines of western Kentucky are the only factor preventing a general collapse of the state’s mining industry, with coal production at its lowest level since the early 1960s, according to state data. Coal production in eastern Kentucky has declined by 63 percent since 2000, with production from the state’s western mines overtaking those in the east in 2013 for the first time since 1911.

In eastern Kentucky, coal mining employment has plunged by more than 7,000 jobs, or 38 percent, since the middle of 2011. This has left the state’s coal mining employment at its lowest level since 1927. Between 2010 and 2014, the state saw the closure of 82 underground coal mines, nearly half the state’s underground operations.

As Patriot’s closures in western Kentucky underscore, the crisis is no longer limited to the Appalachian coalfields. In Colorado, Bowie Resource Partners laid off 150 workers in October at its Bowie No. 2 mine near Paonia in Delta County. The announcement came after the company lost a contract with the Tennessee Valley Authority.

Indiana-based utility Vectren Corporation finalized the sale of its coal-mining subsidiary Vectren Fuels to Sunrise Coal in August. The deal involved the transfer of three underground mines in Knox and Pike counties in Indiana and the elimination of 120 positions. Acquisition of the mines will allow Sunrise better access to adjacent reserves it controls.

In December, PacifiCorp—a subsidiary of multi-billionaire Warren Buffet’s Berkshire Hathaway—announced it would be closing its Deer Creek mine in Emery County, Utah early next year. The mine, which feeds PacifiCorp’s Huntington power plant via a 2.4-mile conveyor belt, employs 182 workers and is the only union mine remaining in Utah.

As production plunged at the mine over the last few years, the company complained of high production costs associated with the mine’s dwindling and lower quality reserves. Moreover, the company cited “Rapidly escalating pension liabilities for the mine’s represented workforce was a large factor in the economic viability of the mine.”

The union miners at Deer Creek had been working without a contract for nearly two years, until a three-year deal was concluded with the UMWA only days prior to the company’s announcement it was closing the mine.

The slashing of jobs and other cost reductions has contributed to more dangerous conditions in remaining mines. The December death of 34-year-old Eli Eldridge at Patriot’s Highland No. 9 mine, and the double fatality of 48-year-old Eric D. Legg and 46-year-old Gary P. Hensley in May at the company’s Brody No. 1 mine, occurred in the wake of announcements regarding pending mass layoffs. In the case of Legg and Hensley, the two were engaged in a dangerous “retreat mining” operation where pillars holding up a mine roof are extracted for their coal.

According to MSHA, 40 miners died in mining accidents in 2014, 16 of which were in coal mines and the balance in metal and nonmetal mines. In its press release, the agency said the figures represent “the lowest annual number of coal mining deaths ever recorded in the United States” with MSHA chief—and former UMWA official--Joseph Main attributing this to the impact of the agency’s inspections and supposed cooperation of coal operators.

In reality, the drop in fatalities is far more likely the result of the decline in operating coal mines, particularly in Appalachia, and the elimination of tens of thousands of working miners.