Wyoming Coal Information Committee

2016 WYOMING COAL OVERVIEW

WYOMING MINING ASSOCIATION
Safety is paramount in Wyoming mining and is one of the core values of the industry.

All WMA board and committee meetings start with a “safety share” in which an individual offers an example of how safety is important in our work and daily routines.

It is critical for the public to understand the steps taken by individual companies to ensure a safe work environment for employees.
WYOMING INCIDENT RATE IN 2014 (INJURIES PER 200,000 HOURS WORKED)

WCIC MEMBERS

- Arch Coal
- Black Butte Coal
- Buckskin Mining Company
- Cloud Peak Energy
- Contura Energy
- Bridger Coal Company
- Peabody Energy
- Western Fuels
- Westmoreland Coal
- Wyodak Coal
Wyoming produces 40% of the nation’s coal and has been the leading coal producing state since 1986.

Recent estimates give Wyoming more than 165 billion tons of economically recoverable coal.

Wyoming is home to over 1.4 trillion tons of total coal reserves.
Wyoming’s Powder River Basin coal seams can run from 80 to 100 feet thick.
Wyoming mines produced 375.7 million tons of coal in 2015, most of that from the Powder River Basin (PRB).

Up to 80 single destination trains of up to 150 cars leave the PRB for energy markets across America each day.

In 2015, Wyoming coal mines employed 6,646 workers with a payroll of about $700 million. Currently about 6,000 employees.

In 2015, coal’s financial contribution to Wyoming in taxes, royalties and fees was nearly $1.2 billion.
WYOMING COAL PRODUCTION

1970-2015 (in Tons)

Source: Annual Reports of the State Inspector of Mines of Wyoming
Total estimated contribution: $1,191,719,093 in 2015
Wyoming Coal builds Wyoming Schools – Money from lease bonus bids funds school construction. Every county in Wyoming has benefitted.
Explosives are used to loosen and remove overburden and fracture coal seam.
Overburden is removed by draglines, or shovels and trucks. The coal then removed by shovels or loaders and hauled in large trucks.
A 400 ton haul truck. Coal is shipped out of the Powder River Basin at a rate of approximately 12 tons a second.
Trains carrying coal from the Powder River Basin to energy markets across the nation run 24 hours a day, 7 days a week, 365 days a year. A train can be up to 150 cars long, with each car carrying up to 115 tons of coal.
WHERE DOES OUR COAL GO?

- Electrical power generation is by far the largest consumer of coal in the United States.

- The vast majority of Wyoming coal is used as steam coal for the generation of electricity and is shipped all over the country.

- Wyoming produces about 40 percent of the nation’s coal. With coal providing for about 35 percent of America’s electricity generation, Wyoming coal provides for between 15 and 20 percent of the electricity produced in this country.

- The Energy Information Administration projects coal’s share of energy production in 2035 to be about 39 percent (compared to about 45 percent in 2010).

- America will rely on coal for the foreseeable future.
WYOMING COAL CONSUMED BY STATE IN 2015 (MILLIONS OF TONS)

Source: US Energy Information Administration (March, 2016)
The vast majority of Powder River coal is sent out of Wyoming to power plants in 34 other states.
WYOMING COAL LIGHTS UP AMERICA
AFFORDABLE ELECTRICITY

Retail Cost per KWH and Percent of Coal Generation

Alaska = 17.5¢  9%
Hawaii = 33.4¢  15%
District of Columbia = 12.1¢  0%
US Average = 10.44¢  39%

¢ = average retail price per kilowatt hour
% = percent of total electricity generation from coal

Source: US Energy Information Administration State Electricity Profiles (March 24, 2016)
COAL USAGE AND A CLEAN ENVIRONMENT CAN (AND DO) CO-EXIST

U.S. Emissions Rate Declines 90% Since 1970; Coal Use Rises 170%
STATE OF THE INDUSTRY TODAY – DOWN BUT NOT OUT!

How We Got Here:

- Natural Gas/ Fracking Revolution.
- Company Investments in Metallurgic Coal – Markets that Did Not Pan Out.
- Over-Regulation and Regulatory Uncertainty – Market Forces Alone are Not Responsible.
SPECIFIC REGULATORY ISSUES - EPA

- EPA Clean Power Plan
  - Future – SCOTUS review is all but certain, and Justice Scalia’s replacement is key.
- EPA CO2 Restrictions on New Power Plants
- EPA Regional Haze, Mercury Rules
**SPECIFIC REGULATORY ISSUES - BLM**

- **BLM Federal Coal Leasing Moratorium**
  - Review is designed to raise the cost of mining by increasing royalty rates and artificially increasing the Fair Market Value on federal coal.
  - No coal leases mean no Coal Bonus Bid funds.
    - The last lease was awarded in 2012 and the final Coal Bonus Bid to the state will be in 2017.
    - No Coal Bonus Bid funding means major funding source for Wyoming school construction is gone.
SPECIFIC REGULATORY ISSUES – OSMRE

- **Stream Protection Rule**
  + One size fits all approach directed at eastern coal operations.
  + State left out of rulemaking.
  + Western mines cannot comply with rule as written.

- **Self-Bonding**
  + In Wyoming, self-bonding, like other forms of bond, is available in the event a company defaults on reclamation obligations.
  + Aggressive push to eliminate self-bonding as one of several ways operators can supply bonds to the state. (Others include letters of credit, cash, surety)
  + No Wyoming coal operator has defaulted on its reclamation obligations.
Wyoming mine reclamation has been recognized as among the best in the nation.

The reclamation process is done contemporaneously with mining operations. It includes backfilling the void with overburden, contouring the filled surface, replacing topsoil, preparing the seedbed and sowing approved seed mixtures, and monitoring plants, fauna, water, air quality, etc.

As long as mines are operating and producing, reclamation is occurring.

To date, approximately 47 percent of land in Wyoming disturbed by coal mining has been reclaimed or is in the process of being reclaimed. The remaining 53 percent consists of active mine sites, facilities and stockpiles.

Wyoming’s mines are meeting and will continue to meet reclamation obligations.
WORLD CLASS RECLAMATION
Industry is Realigning to Changing Environment
- One company has emerged from bankruptcy, others following suit.
- Production is looking up for 3Q and 4Q of 2016 due to rising natural gas prices, warm summer weather and decreasing stockpiles coupled with industry discipline.
- New markets and technology innovation – ITC, CCUS technology.
- While there have been setbacks, Pacific NW export terminal expansion is still in the works.

America and the World Need Coal
- The most abundant, affordable and reliable American energy resource.
- We simply cannot replace coal with renewables.
The industry welcomes and is thankful for your support

- Participating in Regulatory Comment Periods
- Rally/Event Attendance
- Writing Letters to the Editor/Op-Eds
- Talk to Peers outside of Wyoming
Thank You!

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