Coal Decline Hits Fuel's Western Stronghold

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SHERIDAN, Wyo. (AP) — Hundreds of millions of tons of coal, packed into seams up to 60 feet thick, are still to be had beneath the rock-strewn hillsides speckled with snow that rise up along the remote Montana-Wyoming border.

Yet for Mike Cooley, the days of drilling explosives into the ground to blast the fuel from the earth are over, long before he ever expected. The 41-year-old thought his job as a "powderman" at the Decker strip mine would take him into retirement.

Now he's looking for new work, after he and 58 other miners were laid off from Decker in recent weeks to add to several hundred jobs reported lost in the past year from the nation's largest coal-producing region.

As a dispute over West Coast ports hobbles the industry's ability to reach booming markets in Asia, cheap natural gas is undercutting coal in the U.S. — and putting some of the small towns in coal country in economic peril.

Wringing his calloused, idle hands and staring into the winter sun through the kitchen window of his trailer house in Sheridan, not far from the mine, Cooley said he's reluctant to leave with the eldest of his three children poised to graduate high school this spring.

"But I don't want to go back to pounding nails either, not at $13 an hour," the

former construction worker said as his youngest child, two-year-old Mason, hovered nearby sucking on a lollipop.

For decades, the 25,000-square-mile Powder River Basin that surrounds Sheridan has been the stronghold of the U.S. coal industry. Massive strip-mines, carved from a landscape dominated by sage brush and cattle ranches, churn out close to a half-million tons of the fuel annually, dwarfing production from mines in the Appalachians and Midwest.

Now the depressed domestic coal market is finally catching up to mines such as Decker. At least 300 jobs have been lost from mines in Montana and Wyoming since early 2012, according to preliminary data from the Mine Safety and Health Administration.

Paradoxically, out-of-work miners in Montana and Wyoming are scrambling for new employment even as global coal markets enjoy a heyday. Driven by Asian demand, experts say, coal is projected to challenge oil as the world's top energy source within the next four years. The sole exception will be in the U.S.

The Decker lay-offs cut the mine's workforce roughly in half — and came as a shock to Cooley and fellow miners who earned almost $30 an hour and for years sat comfortably near the top of the region's resource-based economy.

Just last year, Decker's co-owner, Ambre Energy of Australia, was promising to ramp up mining and start shipping millions of tons annually to countries such as South Korea — part of an industry-wide trend as companies battered by the domestic market looked to foreign buyers.

But Ambre's plans to build and expand West Coast ports to load the fuel onto ships have become entangled in political opposition and bureaucratic red tape, forcing the company to push back its timeline to begin operating. Mining industry heavyweights, including Arch Coal, Inc., and Peabody Energy face the same problems.

It's been several years since coal mining peaked in the Powder River Basin, which accounts for the bulk of production from Montana and Wyoming. Only in recent months has the number of workers started to drop.

Despite the logistical hurdles, some of the basin's coal is making it to overseas markets by squeezing through the limited West Coast port capacity already available. But analysts and industry observers say those routes have essentially maxed out.

"Unless you can send (coal) by Federal Express, the export market can't take off," said Montana's former governor, Brian Schweitzer.

The Democrat spent two terms seeking to bolster the state's coal industry before leaving office this month. He predicted it will take up to five years for ports in Washington state and Oregon to come to fruition, and just as long for U.S. coal demand to rebound.

That leaves Cooley and others like him stuck between tomorrow's promise and yesterday's boom, in a region with few comparable employment prospects.

"I've never been laid off. Always had a job, since I was 14," said Cooley, whose family will rely on his wife's income as a grocery store cashier until he finds a new job.

As with other laid-off Decker miners interviewed, Cooley hopes Decker rebounds but is looking beyond coal as he searches for new work. He's got applications in at a zinc mine in Alaska, a gold mine in Nevada and to work as a roustabout for an oil company in North Dakota's Bakken oil patch.

Others already have moved on to such places after finding it impossible to match their former wages in Sheridan, a town of 18,000 a short drive across the Montana line from the Decker mine and where most of its workers live.

Hard times have visited before in this part of Wyoming, where coal was euphemistically dubbed "the black diamond" after a boom early last century.

North of Sheridan along the Tongue River can be seen the ruins of now-defunct company-owned coal mining towns such as Monarch, Kleenburn and Acme. Those communities and their underground mines peaked in the 1920s. Their decline left a gap in the economy that wasn't replaced until Decker and other strip mines came along decades later.

After opening in 1972, Decker quickly ramped up to several hundred workers digging up 10 million tons of coal a year, a volume that it produced for its first two decades "like clockwork," said Hal Kansala, who has been working at the mine since 1979. Coal production this year will be less than a third that amount.

Ambre spokeswoman Liz Fuller said the mine remains viable and the company is seeking buyers for its coal. She would not comment on long-term employment prospects except to say the company would look to rehire laid off workers if mining rebounds.

Regardless of whether the company's export aspirations come to pass, the short-term outlook looks grim.

The five to ten years it could take to surmount environmental opposition to West Coast coal ports is simply too long for miners and their families to wait, Sheridan Mayor Dave Kinskey said.

"It reminds me of that old saw: The first economist says, 'Well, in the long run these things all work themselves out.' And the other economist says, 'In the short term, we're dead."

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