Coal Operator Plans 7 Mines in Eastern Kentucky

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LOUISVILLE, Ky. (AP) — A longtime coal operator plans to open seven mines in the heart of the eastern Kentucky coalfields in a venture expected to create more than 250 jobs in a hard-pressed region where several thousand mining jobs have disappeared in recent years.

Bill Smith said most of the coal extracted by his High Ridge Mining operation in Pike County will be shipped to China to help fuel its economy.

"We plan on mining a million tons a year," Smith said recently.

It's a business model that officials hope will rejuvenate the area's slumping coal industry as they increasingly look abroad at new markets.

"The short-term economic outlook for coal seems dismal, but due to the growth taking place in Asia, coal is needed to sustain it," said Pike County Judge-Executive Wayne T. Rutherford. He insists that makes the long-term outlook for eastern Kentucky coal "rather bright."

Officials expect Smith's new venture will draw large numbers of job applicants, including plenty of out-of-work miners.

"People are hurting," Rutherford said Monday. "Their quality of life has been hit like it's never been hit before."

Coal mining jobs in Kentucky have dropped from 15,500 in April 2012 to 11,700 this past April, according to state figures. In April 2009, the mining work force was 18,200.

The employment drop has coincided with a decline in output. Production in eastern Kentucky fell to 49.4 million tons last year, the lowest level since 1965, according to the report from the state's Department for Energy Development and Independence.

In western Kentucky's coal region, production was up slightly last year by 2.5 percent, to 42 million tons.

Pike County had a jobless rate of 11.1 percent this past March, well above the statewide rate of 8 percent in the same month.

It's part of a regional trend as the state's eastern coalfields continue to be plagued by widespread joblessness. Magoffin County had the highest unemployment rate in the state at 18.3 percent in March. Leslie County was second at 17.2 percent, followed by Harlan County at 16.8 percent and Letcher County at 16.7 percent.

Smith said his company will begin hiring workers in the coming months, with plans to staff 36 miners at each of the seven deep mines he's developing in Pike County.

Mining jobs are traditionally among the highest paying in the coalfields.

Rutherford said the region's coal economy has survived downturns in the past and that the current slump appears to have "bottomed out." He predicted that export markets in the emerging economies of China and India will lead the recovery.

He called Smith's venture "the first step in the healing process" for the region's signature industry.

However, a recent report indicated that the future isn't so bright for a mineral that has been an economic lifeline for generations in Appalachian.

The report from Morgantown, W.Va.-based Downstream Strategies said government data shows production in Central Appalachia is projected to fall from 185 million tons in 2011 to 128 million tons by 2020, a 31 percent drop. The region includes eastern Kentucky and southern West Virginia, along with lower-producing mines in Tennessee and Virginia. The region reached a production peak of 294 million tons in 1990 and 291 million tons in 1997.

Rutherford has said the report "paints one side of the picture," failing to recognize the export potential of the region's coal.

The Appalachian coal business is facing higher production costs and competition from other coal basins and natural gas. High-producing mines in the Western U.S. that can mine coal at a cheaper price are putting economic pressure on Central Appalachia.

Meanwhile, U.S. utilities increasingly are switching from coal to natural gas to generate electricity. Natural gas has become cheaper as supplies grow, and it produces fewer emissions of toxic chemicals and gases that contribute to climate change.

Coal supporters point to tougher regulations being enforced by the Obama administration as a main culprit for the industry's slump.

"This is a cycle we've been through for years," Rutherford said. "But we've never had our own government trying to put us out of business."

A release announcing Smith's new mining venture in Pike County did not say how much he plans to invest in the operation. Smith, who lives in the area near Raccoon Creek, said he is putting his "heart and soul" into the venture.

Smith's mines will be developed in the Big Creek, Johns Creek and Pond Creek areas of Pike County.

His venture is the latest upbeat signal for the mining industry in Pike County, the sprawling county the borders West Virginia and Virginia. Another coal operator reopened several idled mines a few months ago and called back about 200 miners, Rutherford said.

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