

Since 2005, in West Virginia, one of our major coal-burning utilities has reduced SO₂ by 70 percent, NO_x by 64 percent and CO₂ has been reduced by 21 percent.

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➔ Continued from Page 17

people and the economy of our state.

For example, the recent proposed rules proposed by the federal EPA for controlling CO₂ will harm our state's electric-generating industry and the benefit is negligible. Consider this: If the entire coal-burning, electric-generating fleet in America is shut down, all 310,000 megawatts, the world's CO₂ would only be reduced by 1 percent, the world's temperature would decrease by only .03 degrees Centigrade and the sea level would rise by only 1.1 mm (a dime is 1.35mm thick)! That is minimal benefit for the devastation being inflicted on West Virginians and the folks in the other Appalachian coal-producing states, by our federal government!

Despite this hateful, negative attitude of our very own federal government, we promise to do everything possible to protect and preserve our people's jobs, our operations, our power plants and our way of life. We have the support of our governor, our attorney general, our Congressional leaders and the overwhelming majority of our Legislature as well as many citizens across the state and the nation. We will do everything within our power to overcome the detriment of our federal government's policies and impossible mandates to continue to be as big a part of West Virginia's economy as possible.

Submitted by the West Virginia Coal Association

U.S. coal production off 13 percent from last year

By T.L. Headley
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According to the latest reports from the Energy Information Agency, coal production in the U.S. finished 2015 off approximately 13 percent from 2014 totals.

Meanwhile, spot prices for coal continue their long-term decline and natural gas slipped back slightly from recent highs.

According to the EIA's Jan. 2, 2016 weekly report, U.S. coal production for the year totaled 886.49 million tons, down from 995.47 million tons (down 11.1 percent).

The trend appears to be steepening. According to the EIA's Jan. 22 report, production was only 13.32 million tons, off from 19.61 million tons for the same week a year ago (off 32 percent). This is mirrored in the week's rail car loadings, which at only 75,308 carloads, off 32.7 percent from the 111,982 carloads.

This decline in rail traffic is almost entirely due to the decline in coal production and has resulted in both major Eastern rail systems announcing major restructurings. CSX announced recently it is closing its regional headquarters in Huntington. Norfolk Southern likewise announced it is closing the Bluefield offices.

Coal exports for the month of November (the most recent data available) were sharply below the previous year. Metallurgical coal exports are off by 39 percent from November 2014 and steam coal exports are off by 34 percent. Imports of coal into the U.S. were down for the month by 12.1 percent. For the year ending Dec. 31, metallurgical coal exports were down 24.7 percent and steam coal exports were down 21.8 percent compared to the same period last year. Imports of coal for the year were down 3.8 percent from

Electric output was down

3.9 percent compared to the same week last year, with 79,650 MWH of electricity produced compared to 68,519 MWH produced for the same period the last year. Electric production for the year was off 3.9 percent, which can be attributed, at least in part, to the mild fall across most of the country.

Domestic steel output, however, was down from the previous year.

According to numbers from the American Iron and Steel Institute, in the week ending Jan. 16, 2016, domestic raw steel production was 1,652,000 net tons, while the capability utilization rate was 69.1 percent. Production was 1,807,000 net tons in the week ending Jan. 16, 2015, while the capability utilization then was 76.4 percent.

The current week production represents a 8.6 percent decrease from the same period in the previous year. Production for the week ending Jan. 16, 2016 is up 3.6 percent from the previous week ending Jan. 9, 2016 when production was 1,594,000 net tons and the rate of capability utilization was 66.7 percent.

Adjusted year-to-date production through Jan. 16, 2016 was 4,686,000 net tons, at a capability utilization rate of 65.3 percent. That is down 13.4 percent from the 5,412,000 net tons during the same period last year, when the capability utilization rate was 76.4 percent.

In terms of regional coal production, all three major basins reported significant losses for the year.

The Appalachian Basin finished the year at 226.72 million tons, down from 267.70 million tons in 2014 (-15.3 percent). Interior Basin production also finished the year down at 167.92 million tons compared to 188.16 million tons last year (-10.8 percent). Western production finished the year at 491.85 million tons from 541.55 million tons last week (-9.2 percent).

For the week ending Jan. 16, production was also down in two of three basins. Appalachian Basin production finished the week at just 3.24 million tons, off from 3.31 million tons from the previous



week. The Interior Basin finished the week at 2.50 million tons, off from 2.53 million tons, and the Western Basin finished slightly up at 7.58 million tons from 7.56 million tons.

According to the West Virginia Office of Miners' Health Safety and Training, coal production in the state now stands at 100.65 million tons through Dec. 15. Of that total, 82.19 million tons were mined by underground operations and 18.56 million tons were produced by surface mining. Only 58 mines have reported production in December 2015. Several large operations have idled production due to financial restructuring or in response to slack demand.

However, according to WVOMHST, coal mining employment in West Virginia grew slightly to 15,774 total miners, with 12,705 working underground and 3,069 working on surface operations. The office does not report data for contract miners or preparation plant workers on a weekly basis. Final reports for 2015 were due by the end of January and will be reflected in February reports.

According to EIA, West Virginia coal production for the year totaled 97.81 million tons, off from 111.87 million tons. This is off 12.6 percent from 2014. EIA always reports lower production than state reports. Meanwhile, West Virginia production finished the week of 1.26 million tons, up slightly from

1.25 million tons the previous week but off from 1.89 million tons last year.

Production was down in both the northern and southern coalfields of West Virginia compared to last year by 6.7 percent and 23.2 percent, respectively. For the week, northern West Virginia production finished up at 644,000 tons versus 620,000 tons the week before and 892,000 tons last year. Southern West Virginia, however, finished down at 618,000 tons versus 628,000 tons the previous week and 993,000 tons a year ago.

Other states

Coal production in Kentucky ended the year at 63.20 million tons produced, down by 18.1 percent from the 77.19 million tons from 2014. Eastern Kentucky coal operations finished the year at 29.52 million tons, down by 21.1 percent to 37.39 million tons.

Meanwhile, western Kentucky coal operations finished off by 15.4 percent, at 33.68 million tons versus 39.39 million tons in 2014.

Wyoming coal production finished the year at 369.10 million tons versus 394.78 million tons in 2014, off by 8.3 percent.

Illinois coal production finished 2015 at 59.81 million tons versus 57.96 million tons, up by 3.2 percent from 2014.

Indiana production, however, fell significantly, finishing at 34.71 million tons versus 39.16 million tons the

previous year.

Ohio production finished 2015 off by 20.9 percent – at 17.55 million tons versus 22.19 million tons in 2014.

Pennsylvania production was down by 16.3 percent, finishing at 51.63 million tons in 2015 versus 61.66 million tons in 2014.

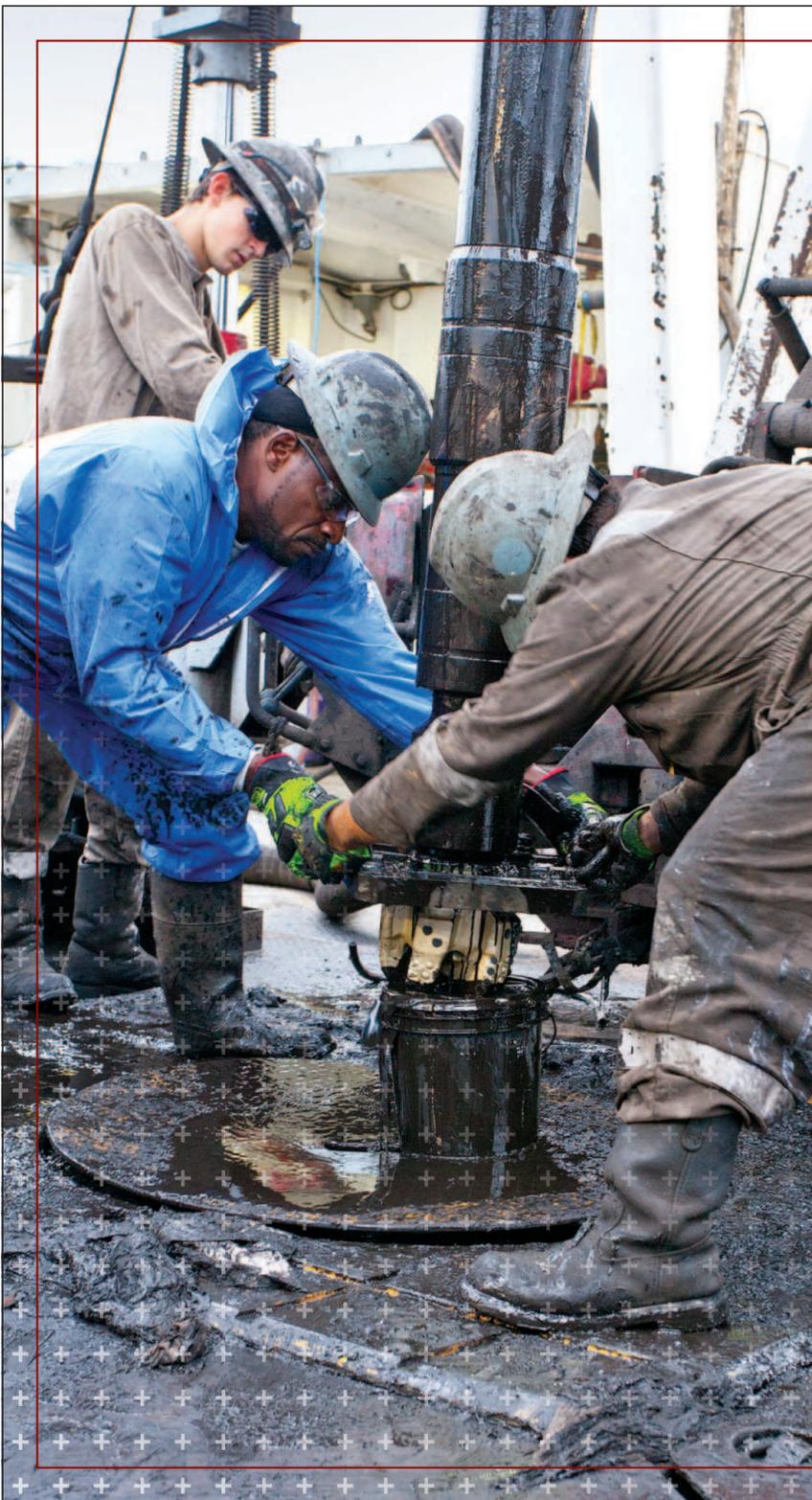
Virginia coal production continued to fall in 2015, finishing the year down 14.5 percent – at 13.21 million tons versus 15.45 million tons in 2014.

Coal prices on the spot market were all down for the week reviewed, with all basins finishing down for the year. Central Appalachian coal finished the week at \$42.25 per ton or \$1.69 per mmBtu. Northern Appalachian coal also finished down, coming in at \$48.60 per ton or \$1.87 per mmBtu. Illinois Basin coal closed down at \$32.20 per ton or \$1.36 per mmBtu, while Powder River Basin coal fell to \$9.70 per ton or \$0.55 per mmBtu. Uinta Basin coal prices finished at \$39.95 per ton or \$1.71 per mmBtu.

Natural gas prices on the Henry Hub continued fell back slightly to finish at \$2.32 per mmBtu from \$2.38 per mmBtu the previous week and significantly off from \$3.08 per mmBtu a year ago. Natural gas producers reported a significant decline in their stored reserves – down 168 billion cubic feet compared to the previous week, for a total of 3.48 trillion cubic feet in storage. The reviewed week's working natural gas rotary rig count was down by 13 from the previous week to 637 working rigs.

And the count remains down by 996 rigs from a year ago – a decline of 36 percent. This number includes rigs working in both oil and gas plays.

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