

New coal mine planned

Kentucky firm aims to buck industry trend at site near Sheridan

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A Kentucky-based firm is developing plans to open a new coal mine northwest of Sheridan in 2016.

Ramaco LLC is embarking on its plans at a perilous time for the coal industry. Wyoming coal production slumped to 388 million tons last year, down from 443 million in 2010. Three of the four publicly traded coal companies working in the Powder River Basin recorded losses dur-

ing the first quarter of this year. And Wyoming-based Cloud Peak Energy has announced plans to cut production at its Cordero Rojo mine in 2015 by 10 million tons annually if market conditions don't improve.

But Ramaco executives hope to buck that trend. The Brook mine, as the facility is called, is on 14,500 acres of private and state-owned land between Sheridan and Ranchester, meaning Ramaco does not need to make federal bonus payments like its counterparts mining government land in the basin. The property is bisected by a BNSF rail line and boasts some 100 million tons of recoverable coal with a higher British thermal unit value than much of the coal found in the basin, said the company's

CEO, Randall Atkins.

Ramaco's plans are relatively modest. The Brook mine would produce a maximum of 8 million tons annually. Arch Coal's Black Thunder mine and Peabody Energy's North Antelope Rochelle complex each mine more than 100 million tons annually.

"Sometimes small is beautiful," Atkins said. "We'll do 8 million tons. We can find a market for this amount of coal. If you're trying to start a 50-million-ton-a-year mine, that will be harder to place."

He declined to name the company's financial investment in the mine but noted it would be in the "hundreds of millions." The facility

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is projected to employ around 200 people, Atkins said.

Ramaco is an arm of the New York private equity firm Yorktown Partners LLC and specializes in acquisitions and development. The company purchased the land from Brink's Co., formerly known as the Pittston Co., in 2011. Atkins said the Ramaco is undecided on whether it will bring in other partners to operate the Brooks mine or operate it independently.

The company has already been approached by domestic utilities interested in the Brook mine's 9,100-Btu coal, Atkins said. Much of the coal in the Powder

River Basin is 8,800 Btus. He said the company is also exploring exporting its coal through existing coal terminals, though he declined to name where the company is looking. Most of the coal exported to Asia today is shipped via British Columbia in Canada.

Ramaco will complete a year's worth of air and water quality testing at its Brooks mine next month. The company plans to submit its permit application to the Wyoming Department of Environmental Quality by August. The company's plans call on using a high-wall mining technique. Unlike the surface mines in the Powder River Basin, which remove the topsoil to access the coal, high-wall mining sees a trench dug into the ground. From there, the operator then drills sideways into the earth in order

to remove the coal. The method requires less labor and is consequently cheaper than other forms of mining, Atkins said.

New coal mines are something of a rarity in Wyoming. A mine planned in Uinta County is on hold due to sage grouse concerns, while Cloud Peak is pursuing plans to open its Youngs Creek mine north of Sheridan, said Travis Deti, associate director of the Wyoming Mining Association, an industry group.

"Coal companies want to keep doing business," Deti said. "Regretfully, in this environment there is just a lot of regulatory uncertainty."

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