

Newsmaker Interview Part Two

Murray: My Goal To Be Last Man Standing!

Coal News: We're back with the founder, Chairman, President, and CEO of Murray Energy, Mr. Robert E. Murray. Murray Energy is America's fifth largest coal producer with production tonnage of 58.2 million tons in 2013 (including mines purchased from CONSOL Energy) or 5.95 % of the nation's coal production. Thank you, Bob, again for sitting down with us and talking to readers of Coal News. Tell us a bit more if you would about Murray Energy and the roles your family plays in the company.

Bob Murray: I've been blessed. I'm a fourth generation coal miner. My great-grandfather came from Scotland, where they were physicians, my grandmother from Wales. He was a blacksmith, and my grandmother was from coal mining country and family. They settled in Illinois and immediately went into the mines. That was my great-grandfather. Then my grandfather was a mine superintendent locally in Ohio. In fact, I showed someone yesterday the home that he lived in just up the road. Then, my father was an assistant superintendent and a very good general mine foreman, I am told. When I was nine years old he was injured in an accident that left him paralyzed from the neck down for 21 years. He was in a coma for a year. I had a different relationship with my father. I had to take care of him. We were so close. Every day in my early career he wanted to know the details of my every day in coal mining. I got a mining engineering degree. He and I were very close.

I'm very blessed in that I have a wife who has been very tolerant of me working long hours. For the 31 years that I was at The North American Coal Corporation, she allowed that to happen. She allowed me to work and grow in the industry. Now for the 26 years I've been on my own, she has permitted it again. Brenda and I have had three



Bob and Brenda Murray

sons. Two of the boys are mining engineering graduates of West Virginia University, and they have their Masters of Business Administration from the Ohio State University. They are Robert (Rob) and Ryan. Jonathan has a geology degree from West Virginia University, and they are all three in the business. Robert is our Vice President of Marketing and Sales. Jon is the Assistant to the President of Murray American Transportation, Inc. and Murray American River Towing, Inc. Ryan is our Vice President of Operations. So I've been very blessed to have the family in the business. I have a nephew, Robert D. Moore, and Robbie has been with me 25 years. He is our Chief Operating Officer, Chief Financial Officer, and Executive Vice President, and a right hand to me. So, I've been very blessed in that we are a mining family, and my boys are fifth generation coal miners.

Coal News: Now it was a bold move in acquiring the mines of CONSOL Energy. What motivated you to do that in these turbulent times?

Bob Murray: Many ask me, why did you buy Consolidation Coal Company? Why did you take on

3,800 management and United Mine Workers of America- represented and five large underground mines? The answer to that is that it fit the strategy that I used to build Murray Energy Corporation back in 1986 and 1987. Then we had acid rain. We knew that an Amendment to the 1971 Clean Air Act would be enacted to require government intervention with reductions in sulfur dioxide, nitrous oxides, mercury, and particulate matter. We didn't know when, but we knew that it had to be with a scrubber or other form of clean coal technology. So I drew concentric circles out from every power plant that I thought was a candidate for a scrubber, and I still have the paperwork; and then I acquired the highest heating value coal for which that targeted boiler was designed where I had water and truck transportation, because railroads are not reliable and are high-cost, my concentric circles became concentric ellipses. And, I acquired that coal. When the good folks at CONSOL Energy, Inc. decided to sell Consolidation Coal Company, and they are very good people, Bill, those five mines fit right within the concentric ellipses that I drew in 1986 and 1987 prior to the Clean Air Act

Amendments with river transportation at two of the larger mines, dual railroads at two of the mines, to base-loaded power plants that were scrubbed in the early 2000's plus they had easy access to the most underutilized ocean going terminals in the United States on the East Coast. So I went ahead and made that acquisition because it fit the concentric ellipse strategy that I developed in 1986 and 1987. It also fit my strategy in other ways. I am a longwall miner. Today, we operate the largest fleet of longwalls in America and, perhaps, in the world. We build all of our own longwall and other mining equipment, except the shearer and roof bolters. We had expertise in longwall mining, and these were longwall mines. So for all of these reasons, we went ahead and made the Consolidation Coal Company acquisition. My goal through this concentric ellipse strategy is to be the last man standing as the U.S. coal industry is destroyed.

Coal News: One unique aspect of Murray Energy that you manufacture your own mining equipment. I attended the opening of that about four or five years ago I think it was. Tell us about that.

Does that have a major effect on your cost per ton?

Bob Murray: Yes, it does. We build very special products just for our own utilization. We use special high-strength steels and special welding materials. Our equipment is more durable than that which you can buy anywhere else. Plus we are able to build the equipment at a cost lower than what you can buy it for. As a result, that gives us a competitive advantage in the marketplace, because of longer life lower cost equipment and replacement parts. We, however, do not intend to build this equipment other than for our own use. Our schedules are such and our capacity will be consumed building our own equipment, with 13 longwalls, 46 continuous miners, and all of the other facilities running. All of our capacity for both new equipment and for rebuilds will be needed for ourselves.

Coal News: Going back to the industry in general once again. You have a number of lawsuits pending with the EPA. You probably can't talk about these much. Can you say anything at all?

Bob Murray: The industry was not coming out as I believe that it should with these lawsuits, so Murray Energy has filed three lawsuits against the U.S. EPA. The first lawsuit is to enforce the employment and job loss evaluation requirement under the Clean Air Act. This lawsuit seeks a court order directing the EPA to conduct, and I quote: "Continuing evaluations of potential loss or shifts of employment" in the coal industry arising out of existing and future Clean Air Act requirements, which the agency is by law required to do, but has not. The second lawsuit is under the Data Quality Act. The agency, the U.S. EPA, has been disseminating false information about coal and about global warming.

This is illegal under the Data Quality Act. The EPA has failed to consider the voluminous information indicating that their global warming scare tactics are absolutely baseless. The third lawsuit involves our developing a pre-emptive challenge to EPA's greenhouse gas regulations for both new and existing power plants. We've been joined in this litigation by two states' attorney generals already, and more are likely to respond to and assist our efforts in this regard. Those are the three lawsuits to date.

I've also filed a lawsuit against the Department of Labor, the Federal Mine Safety and Health Administration, and its Director. This is because the new regulation for a 1.5 milligram per cubic meter dust standard, from the current 2 milligrams per cubic meter, based on voluminous independent studies by world renowned health and engineering experts over two years, has no effect on the reduction of the incidence of coal miners' pneumoconiosis, i.e. black lung. They show that there is no benefit at all from reducing the particle size from 2 milligrams to 1.5 milligrams per cubic meter. These independent studies also show that the government's data for the pneumoconiosis rate is false. Most especially, these independent studies have also shown that a 1.5 milligram standard cannot be achieved by a continuous mining machine or by a longwall shearer. Furthermore, the studies showed that there is no technology today to reliably measure 1.5 milligrams per cubic meter. We gave all of this information to the Department of Labor, to the Director of MSHA, and throughout MSHA. They ignored it and still went ahead with this regulation. I told MSHA that I would put airstream helmets on everyone. They are like space helmets. This will make the air as good as the air outside. I was told, "No, Mr. Murray, you don't understand, we want the environment at the mining face to be 1.5 milligrams." I replied, "I do understand, you want to close coal mines, period." That is exactly what the director of MSHA, the Department of Labor, and particularly the

Obama Administration who put them all there, are about. So we have filed a lawsuit because we gave them these \$2 million of expert studies to show all of these facts and they totally ignored it.

Coal News: Turning to fundraising activities, you are well-known for raising support for certain politicians. Could you tell us about that please?

Bob Murray: For about 20 years, I have been very active in assisting candidates for government, particularly the federal government at the House, Senate, and Presidential levels, who are friends of coal. My criteria is simple, "are you a friend of the coal industry?" I am very careful how I conduct these events and raise the funds I get from these activities keeping this completely separate from our companies, and we've never had a problem in the 20 years. It's all about helping elect friends of our industry and the good men and women who toil in our industry. We had six candidates Monday night right here in St. Clairsville. I have four in Illinois in three weeks, and fourteen more in July. Generally, I have four or more candidates per month. I generally focus on the U.S. Senate, with some events for the House and occasionally a Governorship.

Coal News: There are about 800,000 people, and if you use the Penn State figures that you mentioned, maybe it's over 1 million people in America, whose jobs depend on coal. Are we properly harnessing the power of these people?

Bob Murray: No, I don't think so, because they don't understand what is happening to them. They do not become informed at times, and many of them are not adequately represented in the Senate and in the House, and certainly not in the Presidency. I do not believe that we are utilizing them well enough because they don't understand what's happening to their lives and the lives of their families. We try to fill that gap.

Coal News: For example, I was

thinking of the Coal Rally in Washington, D.C., last November. Murray Energy employees were a very high percentage of the attendees at that rally.

Bob Murray: Yes, and I'm proud to say that we played a major role in inspiring and organizing that rally and that 26 of the 52 busloads of those miners and their families were from Murray Energy Corporation operations.

Coal News: I believe the industry



needs a strong leader to lead it forward in these tough times. Are you that person?

Bob Murray: No, I don't think I'm the strong leader. It takes a lot of voices. It takes a lot of people. I'm just one of a number of people who should step forward, and not just within our industry. There are many politicians who we have supported who have not done enough to support our industry, and that includes some in the Republican Party, even though the Senate is controlled by the Democrats and the President, and of course we have this President. So I'm not the leader, but I want to be one of these leaders because I don't feel that, when I go down my decision tree, there is not anything better that I can do with my life than to defend the coal industry and push back on Barack Obama, who has never had a job and who has never created a job, as well as the Democrats who support him; and to defend the livelihoods and quality of life of my employees.

Coal News: Well, Bob, as we close this very interesting day today, give me your thoughts if you would on the Academy that is going on in the other room of your headquarters, and lastly a few final words about the future of coal both here and around the world.

Bob Murray: We are conducting currently another round of classes in what we call the Murray Energy Employee Development College. It is a four-volume course that we used to give in five days. We have condensed it to three, and I currently have 32 classes of 67 participants, all management personnel, going through this class over the next 16 weeks. There are two classes a week, Monday through Wednesday and Thursday through Saturday, to train these management personnel in every aspect of the business. It includes all of the management and the operations of Murray Energy Corporation. It has been shown in the past, with the 1,000 people we've already put through the college, that it has had a very beneficial effect on their ability to manage and create a safe and productive culture in Murray Energy Corporation, which we need to survive in what I call this "road-kill" marketplace, as the marketplace is being destroyed by the Obama Administration and his supporters. So we are committed to these 32 classes that are right now ongoing, and to do all we can to instill in our management employees a knowledge of our companies and a better ability to manage properly with safety first in mind and then to work productively. This is the key to our survival.

Right now we are attempting to do all we can to get the maximum safety and productivity out of the 5 large longwall mines that we just acquired. This purchase, as I have said before, has taken us to 13 longwalls, 46 continuous miners, 11 preparation plants, and 5 transloading facilities operating at the moment but, Murray Energy is not done growing, and, indeed, we are looking at other properties at this very time.

Coal News: You said earlier that you feel fairly bright about the future of coal in the rest of the world.

Bob Murray: I do, because there is no substitute for it. Germany went the Obama green energy route. They closed down all of their coal mines, coal-fired power plants, and nuclear power

plants. Electric rates in Germany went up 61 percent, and 15 percent of the people were living in energy poverty. The poor feel the brunt of this devastation first. Now, they are building 16 coal-fired power plants in Germany. They went the green Obama route, and it didn't work. In my opinion, there is no substitute for coal-fired generation in much of the world. Even where there is plenty of natural gas, there will never be enough pipelines of sufficient capacity to conduct this gas to base-loaded power plants. So we must rely on coal. Though, until we freeze in the dark, we are not likely to get help from Democrats in this country. I'm not bullish on the future of coal-fired generation in the United States, but worldwide there is no choice.

Coal News: And there will be continued opportunities in America to export a lot of coal?

Bob Murray: Yes, and with the proximity of our mines to the most under-utilized American ports, the high heating value of all our low-cost longwall mining method, and our water transportation, and the dual railroad trackage access to the ports, we will be competitive in the export markets. Most of these markets will be in Europe. It is \$4 per ton cheaper to export a ton of thermal coal off the East Coast than it is to go through the Gulf of Mexico. So that is, hopefully, what we are positioned for.

This is a wonderful country, and I do believe in divine intervention. My faith is private with me, but I pray every day that He will awaken the American people to the need to continue reliable low cost electric power supply through the generation of that electricity from coal.

Coal News: Well, Bob Murray, thank you very much indeed for spending the time with us. Thank you for the invitation to be here at your headquarters. We appreciate you very much, and may I wish you the very best of luck in the future.

Bob Murray: Thanks, Bill.