

Largest Fleet of Big Draglines, King

Coal News: According to the National Mining Association, Westmoreland Coal Company was the 10th largest coal company by tonnage in the United States in 2013 producing 24.9 million tons or 2.5% of our nation's coal production and has grown since then. Bob King, we appreciate you talking to readers of Coal News as we celebrate our 10th Anniversary. Our readers would be very interested in your background and how you came to be President of US Operations of Westmoreland Coal Company?

Bob King: I graduated from Colorado School of Mines with a degree in Mining Engineering in 1974 and have worked for several companies in the industry over the past 40 years. These included Southern Ohio Coal Company, Kaiser Coal Company, Centralia Mining Company, Interwest Mining Company, CONSOL Energy and now Westmoreland Coal Company. I started my employment with Westmoreland Coal Company in March of 2012 as President and COO. With the acquisition of the Sherritt coal mines in Canada, my role with Westmoreland became President of its U.S. Operations this year.

Coal News: Back in the eighties I had the pleasure of supplying longwall mining equipment to the Bullitt, Holton and Pierpont mines in the Virginia Division and made many underground visits there. I know that Westmoreland has a very long and interesting history. Tell us about that please.

Bob King: Westmoreland is the longest continuously operating coal company in the U.S. It actually began in 1854 before the Civil War as an underground coal company in the Eastern U.S. It continued mining as primarily an underground eastern company until it divested of its eastern operations in the 1990's and moved its headquarters to Colorado. In 1970 it formed Westmoreland Resources (the Absaloka Mine) to mine coal in Montana on Crow Tribal lands, its first venture into surface coal mining. In 2001, it acquired surface coal mines in Montana, Texas and North Dakota and became the 10th largest coal company in the US producing over 27 million tons in 2003. In the early 2000's, Westmoreland also began participating in joint venture power projects and in 2006 acquired 100 percent ownership of the Roanoke Valley Power Project (ROVA) which it still owns and operates. In 2012, we acquired the Kemmerer surface mine in Kemmerer, Wyoming and earlier this year we acquired the Sherritt coal min-

ing assets in Canada. Westmoreland Coal Company is now the 6th largest producer of coal in North America, producing approximately 50 million tons a year from 13 operating surface coal mines in the US and Canada. We believe we also operate the largest big dragline fleet in the World.

Coal News: Tell us please about the organization and facilities of Westmoreland Coal today.

Bob King: Today, Westmoreland's corporate office is in Englewood, Colorado. It also has a Canadian subsidiary corporate office in Edmonton, Alberta and a small satellite office in Billings, Montana. The company is structured with a US mining division and Canadian division that are operated as separate entities with separate management teams. The US operations consist of 6 surface mining operations and the ROVA power plant. The Canadian operations consist of 7 surface mining operations. All but three of Westmoreland's coal mines are mine mouth operations that feed adjacent coal fired power plants. All of our mines are dragline operations with the exception of the Kemmerer Mine which is a truck and shovel operation.

Coal News: Safety is of top priority in the mining industry. Please give us your views on coal mine safety?

Bob King: Westmoreland does not believe safety is a priority. We believe safety is a value. Priorities change but values do not. As our number one value, safety drives how we do everything else. It takes precedence over all other aspects of our business. We strongly promote a stop work authority at all of our mines where any employee or contractor can stop whatever is going on if they do not believe it is safe. We then with employee input, develop a plan to change conditions, processes or procedures to make sure work can continue safely. We have a great group of employees that have embraced this philosophy creating a safe and healthy work environment.

Coal News: I understand that your dragline fleet is one of the largest, if not the largest, fleet in the world, and our readers would be very interested to learn more about the fleet.

Bob King: With regard to draglines, with our Canadian acquisition, we now own 29 draglines and 26 of them are operating. We own 17 in Canada and 12 in the U.S. There are 15 operating in Canada, and 11 in the U.S. They vary all the way from 12 cubic-yard machines to 115 cubic-yard machines. It is a very large fleet and I think one of the things we can say from a Westmoreland perspective is

we believe dragline operations would be one of our core competencies. In the U.S., we actually move 200 million cubic-yards of material each year. That's

or three people generally operating on a daily basis with a couple of pieces of support equipment. There's not a lot going on, so it lends itself toward safety



Bob King

about the same amount of material as the Panama Canal. We pretty much move an equal amount of material from a cubic-yard standpoint in Canada. So you can say that we are excavating approximately two Panama Canals a year based on the massive amount of material we move with our draglines.

Coal News: Bob, are you operating all manufacturers' equipment, or have you standardized on a particular make or model and tell us a little more about dragline safety?

Bob King: Our operations have been acquired over a period of time, and obviously different companies that we have acquired used different manufacturers. We have everything from Marion, Bucyrus, Page, P&H, and all of those different manufactured type of draglines that were acquired either by us over the years or companies we have consolidated into Westmoreland over the last twenty years or so. As I have already said, we consider safety a value. Everything that we do, all of our planning, all of our equipment selection, and everything else we do incorporates safety into those plans. Obviously, we believe operating draglines is one of the safest mining methods there is because there are a limited number of people involved in the operation, and you can control that environment pretty easily because you don't have lots of equipment operating in close proximity. You basically have the dragline, and a dragline dozer supporting it. So it's two

all by itself. From the standpoint of safety in dragline operations, it really is about planning, processes and procedures. The biggest potential, in my mind, for accidents related to dragline operations is in the maintenance procedures where a machine is actually down and you're doing all kinds of different kinds of things with more people, and so the potential for accidents is higher. In order to control that environment, you just have to really plan what is going in, and everybody has to communicate on a regular basis, and understand what it is each other is doing. Communications are a big thing there.

Coal News: In these tough times describe the results that Westmoreland Coal has been able to achieve and do you see improvements ahead?

Bob King: Westmoreland has performed pretty well in these tough times for the industry. Our business model of mine mouth, low cost operations has allowed us to continue to be profitable and to grow when much of the industry was in distress. During this time we have made two accretive and transformational acquisitions including the Kemmerer Mine in Wyoming and Sherritt's coal mines in Canada. We have also strengthened our balance sheet during the same period of time. We believe that the coal industry will continue to struggle with increasing regulatory and social pressure to reduce coal-fired generation domestically. However, we also believe that we can continue to grow

and acquisition opportunities will continue to become available to support our growth going forward.

Coal News: What do you see as the core strengths of Westmoreland?

Bob King: I believe our core strengths are our values, starting with safety and then environmental stewardship, continuous improvement and treating people well. Operationally, we have a tremendous amount of experience and expertise with dragline and surface mining operations. Finally, I believe a major core strength is working closely with our customers to make sure they get great service, low cost coal and security of supply for their strategic generating assets.

Coal News: What do you want your biggest contribution at Westmoreland Coal to be for you to be remembered?

Bob King: I would hope that I have provided a strong sense of ethics where everyone that Westmoreland deals with whether it be employees, suppliers, customers, communities or regulators believes that we do our best to deal openly and honestly with all stakeholders and that we are good corporate citizens.

Coal News: My last question is what do you see as the biggest challenges facing the coal industry, and how do you see the future of coal both here and around the world?

Bob King: Our biggest challenge is the changing political and regulatory environment that is and will continue to impact coal production and use both domestically and around the world. Obviously, coal will continue to be used for a long time to come. However, domestically, coal's position in the energy equation will continue to be eroded as more coal generation is shut down to comply with environmental regulation. The domestic supply/demand equation would appear to be out of balance for some time putting pressure on prices and coal company revenues. Internationally, the outlook is much better as developing nations use coal as we did to build their economies. The question is, will US coal companies get to participate in the global use of coal in a material way and will infrastructure be built to allow growth in exports. Getting new port capacity built in the US will continue to be a battle.

Coal News: Well Bob, we very much appreciate you taking the time to talk to Coal News readers and we take the opportunity to wish you and your company every success in the future particularly at the time that we at Coal News are celebrating our 10th Anniversary. Thank you very much indeed!