

stoking job hopes

Coal mine is a gold mine for Las Animas

By Mark Jaffe
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After job losses in the oil and gas industry and an unemployment rate that has more than doubled in three years to 8.4 percent, Las Animas County is getting an economic Christmas present.

A lump of coal.

Actually, lots of lumps of coal as the New Elk Mine — closed for two decades — is reopening with 400 new jobs.

"There hasn't been a lot of good news down in southeastern Colorado," said Don Marostica, director of the Colorado Office of Economic Development. "This is a shot in the arm."

It turns out that the mine has a huge vein of valuable coking coal used in making steel. Demand for the coal — especially in Asia — has soared, and so has the price.

While coal from Wyoming's Powder River Basin, used to produce much of Colorado's electricity, is selling for about \$13 a ton, coking coal has fetched \$156 a ton.

"It's a gold mine of coal," Marostica said.

Toronto-based Cline Mining Corp., which bought the mine in 2008, estimates there are 315 million tons of coal in the mine.

The company plans to produce 2 million to 3 million tons a year, said Ken Bates, Cline Mining's chief executive. Much of the coal could end up in Asia and Europe.

"We see shipping coal to all markets from Colorado," Bates said. "It is a huge resource."

Production could rise to 5 million tons and the workforce may double "as we go along," Bates said.

"We hope the mine will get the whole local economy turning," said Kim Schultz, executive director of the Trinidad and Las Animas County Chamber of Commerce.

One thing the mine won't provide are direct mining jobs,

"Mining is a highly skilled job and no one around here has worked in a mine in 20 years," Schultz said.

Still, the influx of new, highly paid workers should help the real estate market, the local

economy and offset the loss of oil and gas jobs in the region, she said.

A local company, Robbins Trucking, won the contract to haul coal from the mine while Cline restores the site's rail line, Schultz said.

At least 40 local hires also have been made, according to the mining company.

There could be additional local work in constructing roads and buildings, Schultz said.

The mine could generate as much as \$7 billion in revenues over the next 20 years, based on current coal prices, according to Cline estimates.

The New Elk Mine was opened in 1951 by the CF&I Steel Co. to provide coal for its blast-furnace iron-and-steel plant in Pueblo. The CF&I plant was converted to direct electrolytic reduction of steel in 1981, eliminating its need for coking coal, and the mine was sold to Wyoming Fuels.

Cline Mining purchased the New Elk Mine from a group of companies for \$15.4 million, plus the assumption of about \$3.8 million in mine reclamation bonds. Cline also will owe a \$1-per-ton royalty on coal sales, or an additional \$15 million.

The company estimates the purchase and rehabilitation of the mine at a total of \$100 million.

"We are ready to go," Bates said. "We should be

producing coal before the end of the year."

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