

Beyond the Coal Boom: Powder River Basin Residents Look to a Diversified Future

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A coal train rumbles through central Gillette, Wyoming in February. ALAN PROPP, BILL LANE CENTER FOR THE AMERICAN WEST

By **Alan Propp**

In the heart of the Powder River Basin — the wellspring of more than 40 percent of the coal mined in the United States — nearly every coffee shop and restaurant displays a poster that reads: “Stay Strong, Gillette.” This exhortation to a coal town on the skids is

underscored by the image of a haul truck, one of the massive machines with 13-foot wheels that rumble 24/7 through a dozen nearby mines.

Gillette is, both literally and figuratively, built upon coal and related industries. Full mile-and-a-half-long coal trains inch through highway overpasses, winding past billboards promoting coal machinery factories and parts-repair companies. Now, however, the trains are fewer and farther between, and their paths are dotted with signs reading “For sale” and “We’re moving!” Last March, miners’ worst fears came true when Peabody Energy and Arch Coal executives called workers in and, one by one, handed them envelopes with their weekly schedule — or a severance package.

Last March, Peabody Energy and Arch Coal laid off more than 500 miners on a day that has become known as “Black Thursday.”

The companies laid off more than 500 miners on March 31, 2016, a day that has become known as “Black Thursday.” The impact of subsequent bankruptcies of coal companies Arch, Peabody, and Alpha rippled through the community. By the end, Gillette — a town of around 32,00 people — had lost over 2,500 coal-related jobs, and no one knew when the bleeding would stop. The fear was palpable.

The nationwide decline of coal is testing the resilience of the Powder River Basin. Residents used to a thriving economy, a top-notch education system, and an excess of job opportunities are learning to live with less. They are wondering, too, if the economy of the area can be changed, so life is less of an economic roller coaster.

For some, the latest downturn is just part of the boom-and-bust life. For others, however, it represents a wake-up call that cannot be ignored if the character of the community is to persist. As Eric Trauger, a Gillette teacher, puts it: “Stay strong Gillette, sure; but also get smart, Gillette. We need to change.”

Coal is not the first mineral to buoy the fortunes of Gillette and Campbell County. For years, jobs and income poured in from cyclical oil plays. But the rise of cheap natural gas has meant a decline in oil and coal. The crash of both provides a sharp motivator for change. Toby Pierson, a miner at the Black Thunder mine, compares this newfound awareness to the new attitudes stemming from the change in Washington. “Now everybody’s sitting on the edge of their seats, wondering what’s going to happen next. Now we pay attention, because we’re not as safe as we used to be.”

Tax and economic reform in Wyoming often starts in the bust phase of the economic cycle but grinds to a halt as soon as a resource boom occurs. Phil Christopherson, the chief executive of Energy Capital Economic Development (a Gillette-based organization that attempts to drive economic diversification) believes that during bust times the state needs to set the foundation for future stability.

The Workings of a Powerhouse in Peril



A haul truck ascends from the open pit at the Eagle Butte Mine north of Gillette. ALAN PROPP, BILL LANE
CENTER FOR THE AMERICAN WEST

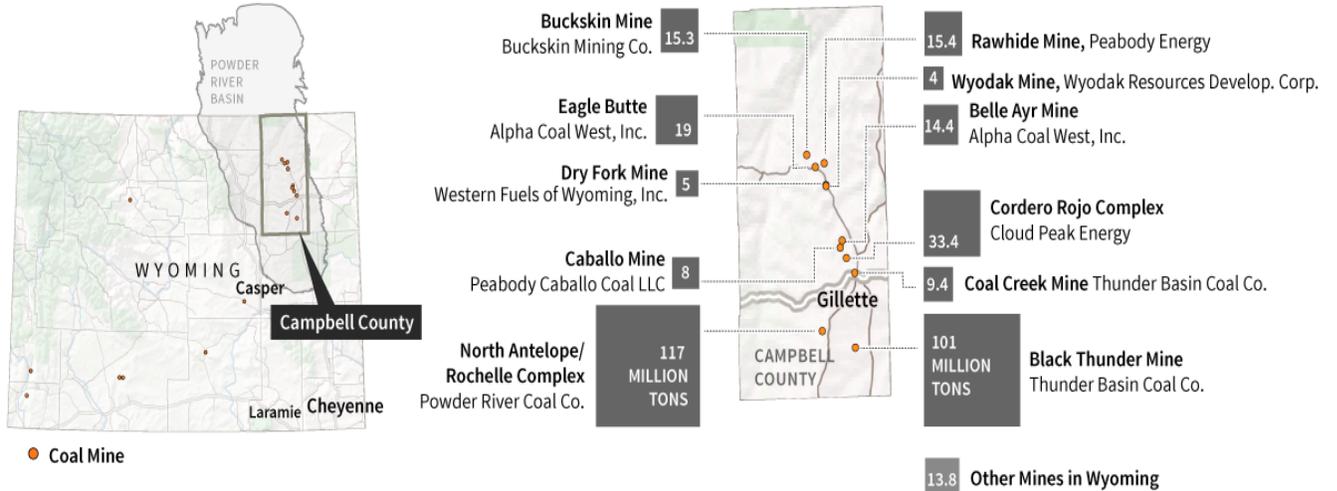
The scale of coal mining in the Powder River Basin is nearly unfathomable. Huge haul trucks are dwarfed by draglines that remove up to 500,000 pounds of overburden (surface material blocking access the coal) at once and dump it in areas of the pit that have already been excavated. Massive explosions echo off the walls of the mines, loosening the overburden and coal and making it easier for shovels to gouge out the coal and load it on haul trucks. The coal, once crushed in a machine called a hopper, is loaded onto mile-and-a-half long trains that transport it to power plants that generate electricity for more than 38 states. Much of it goes just across the border in South Dakota, but some ends up as far as Arkansas and Georgia. In a nation until recently addicted to coal as its primary electricity-producing resource, the Powder River Basin's 12 mines occupy a role of massive importance.

A National Powerhouse: Wyoming's Coal Country

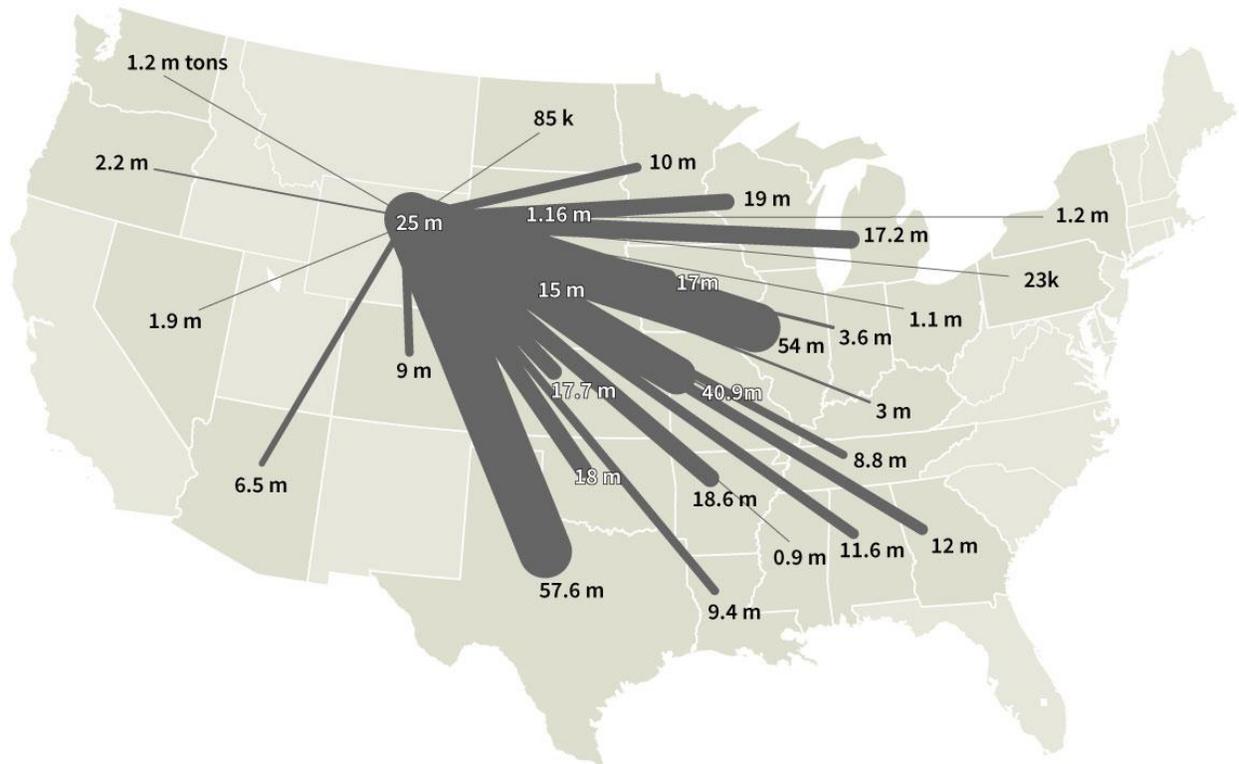
Buffeted by low resource prices in recent years, Wyoming's coal industry is retrenching – laying off workers, then rehiring some of them as independent contractors without benefits or job security. It's a steep decline for a longtime anchor of the economy of Campbell County in northeastern Wyoming. The countryside surrounding Gillette,

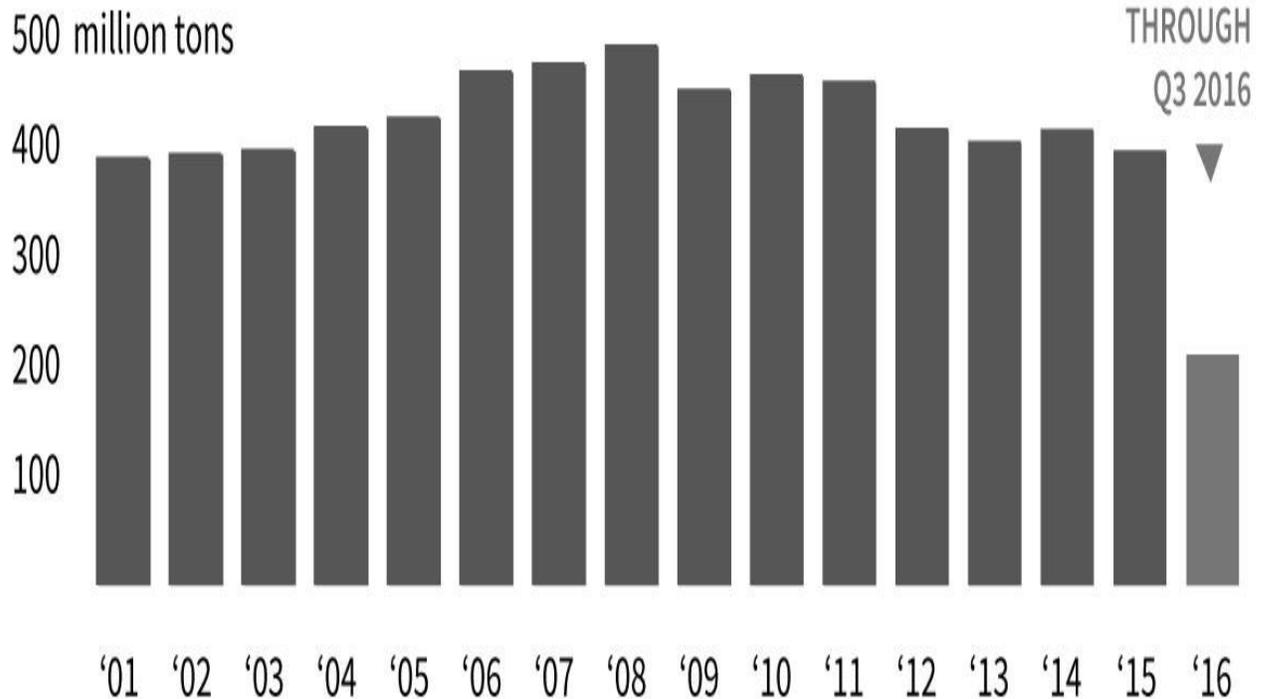
Wyoming, is home to some of the largest coal mines in the United States, exporting low-sulfur coal to dozens of states. Below are some production figures for the coal industry just prior to the recent slowdown.

COAL PRODUCTION BY MINE IN CAMPBELL COUNTY, WYOMING, 2014



DESTINATION STATES FOR COAL EXPORTS, 2014





Sources: Energy Information Administration; Wyoming Mining Association; State Inspector of Mines of Wyoming; Wyoming State Geological Survey; Natural Earth Data GEOFF MCGHEE

The significance of the region’s coal production to the nation is not lost on its residents, who show a sense of pride when talking about their work. That pride, however, is now tinged with the anxiety that comes with the plummeting price of both coal and oil. This decline is driven by the confluence of many factors, primary among which are the cheap abundance of natural gas born of the introduction of horizontal fracturing technology, and more stringent environmental regulations on coal mining.

The Powder River Basin, and Wyoming as a whole, voted heavily pro-Trump; residents are cautiously hopeful that coal companies can halt the production decline when the coming administration eases environmental rules. Few are enamored with President Donald J. Trump himself, but they believe that lighter federal regulations and oversight will allow coal to compete, giving them a reprieve from their economic free fall. Many see coal as too important to the U.S. energy future to fully abandon, and they are relieved to have a president whose views align with theirs.

However, they know that market conditions do not bode well for the future of coal, particularly as natural gas costs trend downward. As Phil Dillinger, a Buffalo-based worker at the Eagle Butte Mine plant, bluntly states: “It’s not rocket science. Natural gas

is going to continue to take a bigger slice of the [energy] pie.” According to the latest EIA data, coal and natural gas are nearly even in the percent of US power they produce (around 32 percent) — a dramatic shift from just a decade ago, when coal was around 50 percent and natural gas hovered closer to 20 percent (EIA).

The bust following a decade of coal boom has led to a sense of exhaustion with the boom-and-bust cycle and a dramatic shift in residents’ outlook for their economic futures. Many were drawn to the region by resource extraction booms in oil, uranium, bentonite, or coal, and have stayed for the community that they found. With expansive plains dotted by pronghorn, stretching from the Big Horn Mountains in the east to the Black Hills in the west, the Powder River Basin offers a stunningly beautiful landscape in which to raise a family, and residents have come together through a shared sense of purpose.

Stacy Moeller, a mine shovel operator at the Caballo mine, in Gillette. ALAN PROPP, BILL LANE CENTER FOR THE AMERICAN WEST



The coal boom nearly singlehandedly caused the population to spike from 17,600 in 1990 to nearly 30,000 in 2010. As Dillinger said, “Gillette was built by energy. It’s an energy city.” Stacy Moeller, a mine shovel operator at Caballo, similarly credits the Gillette’s success to coal, “our financial base for two decades.” While the cost of this prosperity is the mines that scar the landscape near Gillette, citizens take pride in the post-mining land reclamation process, which returns the land to its original image. They speak with pride of the flourishing ecology of reclaimed land, the lack of invasive species, and the removal of any indication that coal was ever extracted there.

The selfsame connection to coal that drove Gillette’s rise, however, precipitated the town’s steep fall since coal’s peak in 2007. Norman Grams, a museum docent who has witnessed Gillette’s flourishing over his 68 years in the town, admits that it is the first time that everything is down. The coincidence of low coal and oil prices means few economic options are left, and the loss of income means a loss of the underpinning of basic institutions.



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The education system (a large source of state pride) is among the state's first victims. This loss that hurts keenly, economic planners say, since future generations will inevitably require a strong education more than ever. Extractive industries boosted the Wyoming education system's quality, propelling it to among top five states in the nation in per-student spending. However, the state now faces massive budget cuts; state legislation will likely slash education funding more than \$400 million annually.

"We're down about 500 kids in Campbell County alone," says Jenny Mashak, a Gillette teacher. "Statewide we've lost about 1000." Teachers, as much as anyone in the region, are learning to do more with less: picking up extra hours for less pay and fewer students. These cuts hurt particularly because education will be critical to the region's future should coal (and other resource extractive industries) continue to decline. As new jobs require more technical training, the school and university network in the state will become increasingly important.

Kacee Hardy, another local teacher, outlines the historical trend: "We have so many kids who are like 'I don't need school, I'll just drop out, I don't need my diploma.'" New industries, however, will more likely require more technical skills and higher education degrees, leading Trauger to believe: "To me, education is the key to downturn-proofing Gillette."

For Mike Johnson, the mayor of nearby town Buffalo, “Diversification is going to be huge to avoid these peaks and valleys.” Local governments are coordinating to attract more data, tech jobs, and light manufacturing to Buffalo and nearby cities as part of a larger statewide program. As Phil Dillinger said, “change happens. Why not be proactive instead of reactive?”

For some, the interest in diversification is a long time in coming. Phil Christopherson has for years tried to attract new industries to the Powder River Basin. One solution, he believes, is to use the natural resources here, not send them East. “Let’s take what we have — minerals — and instead of just shipping them out, let’s build something with the raw materials we have and then ship that finished good out,” he said. Coal can be made into activated carbon (a key ingredient in air and water filtration) carbon fiber (an extremely strong, light metal), and char for agriculture. Now he and others must draw attention to the different possibilities beckoning in a region with plentiful natural resources and a labor force surplus.

Choosing to Hang On, Hoping to Change, or Both



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Many of the laid off workers have been re-hired on a temporary basis, taking pay cuts and the loss of benefits in order to retain employment. Nate Hardy, a miner at Rawhide, sees it as an inconvenient necessity for workers. “I’d have a lot of animosity about

coming back to the company that got rid of me, but you do what you gotta do. You gotta make a paycheck,” he tells me. “It’s desperation.”

A major result of the turmoil has been the erosion of trust in coal companies’ commitment their employees’ interests. It is an industry whose workers’ attitudes are all about their own bottom lines. Pride in being a part of coal’s world has faded.

They know there are other opportunities beyond coal, and they want to find them. “We’re bright diverse people, and we’re not opposed to change,” says Stacy Moeller. “It’s just those jobs aren’t here yet.”

The truth, for many, is simple: the community that they so value needs to evolve. Phil Dillinger, who has worked in coal for over 15 years and raised a family in Buffalo, has a jaded perspective, thanks to his disappointment in the attitude coal executives’ have shown their workers. Settling into his couch after a 12-hour night shift in freezing conditions, he joked that each day he promises himself he will retire after just one more shift. After a long discussion about the trajectory of coal in the region, he leaned forward and summed up its future, emphasizing each word with clipped hand gestures. “We are now facing a new Powder River Basin.”