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State Coal Mines Produced 12.3 Million Tons Last Year

By Dennis Webb



February 11, 2023 - Colorado mines produced about 12.33 million tons of coal last year, up slightly from the previous year as the West Elk Mine in the North Fork Valley sharply increased its production and accounted for more than a third of the state total.

Statewide production last year was up from about 12.14 million tons in 2021, according to state Division of Reclamation, Mining and Safety data. But the West Elk mine produced just shy of 4.4 million tons, up more than 1.1 million tons from the previous year.

By contrast, the Colowyo Coal Mine in northwest Colorado saw annual production drop from about 2.2 million tons to 1.68 million tons. Production at the Deserado Mine in western Rio Blanco County fell slightly, from 2.71 million tons to about 2.6 million tons, and production at the Foidel Creek Mine in Routt County was down by about 200,000 tons, to about 1.54 million tons.



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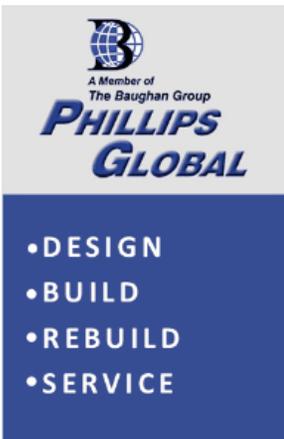
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The West Elk Mine near Somerset, pictured several years ago, increased its coal production in 2022 over 2021 and accounted for a third of all Colorado production in 2022.

Moffat County's Trapper Mine, which along with Colowyo feeds the nearby Craig Station power plant, produced 1.43 million tons last year, down slightly from the previous year. The King II Mine in La Plata County was responsible for about 472,000 tons of coal production last year, and the New Elk Mine in Las Animas County, 217,680 tons.

As of the year's end, 1,093 miners were working at mines in the state, according to state records. That's up from 957 the same time a year earlier, thanks in part to West Elk's miner count growing over that time from 226 to 297. Other employment counts as of the end of last year are 156 at Deserado, 177 at Colowyo, 169 at Foidel Creek, 111 at Trapper, 102 at King II and 81 at New Elk.

State coal production had fallen to 10.3 million tons, its lowest level since at least the late 1970s, in 2020 before rebounding recently. Energy demand domestically and globally took a hit in 2020 due to the pandemic, although the state's coal industry also has faced more systemic challenges due to utilities shifting away from coal-fired power. Last year's 12.3 million tons in annual production in Colorado compares to 28.6 million a decade earlier, in 2012, and production peaked in the state at just under 40 million tons in 2004.

West Elk's production has grown since 2020 thanks to strengthening global demand for thermal coal, which is used for power production, as economies bounced back from the pandemic downturn. In a news release in October on its quarterly earnings, Arch Resources, which owns the mine, said that its thermal coal segment is capitalizing on a strong domestic business and "highly advantageous export markets."

"I think that world events clearly have made Colorado coal even more marketable for export, and I think West Elk's coal is either going out of state or it's going to foreign markets," said Stan Dempsey, Jr., president of the Colorado Mining Association.

Energy concerns in Europe arising from the war in Ukraine also have helped drive demand for resources such as natural gas and coal.

"I think short term, world markets have been unpredictable and like any other commodity it's difficult to predict world events that could possibly make Colorado coal look more favorable," Dempsey said.

In the long term, the coal industry in the state faces the certainty that Craig Station will be closing by 2030, with the first of its three generating units scheduled to shut down by the end of 2025. The plant is the sole customer for both the Colowyo and Trapper mines. Colowyo will be closing along with the plant, and the Trapper Mine likewise is expected to close as the plant's operations wind down.

In addition, the Deserado Mine's sole customer, the Bonanza power plant just across the border in Utah, is under a legal settlement requiring it to stop burning coal once it finishes burning 20 million tons of coal during this decade.

Coal power generation in Colorado and elsewhere has been affected by falling costs for renewable power and regulatory efforts aimed at reducing



pollution and addressing climate change. Arch Resources has been shifting its focus away from thermal coal like that produced at West Elk to coking coal used by the steel industry. A few years ago it signaled interest in trying to sell West Elk after federal regulators blocked a joint venture between Arch and Peabody Energy involving mines including West Elk and Foidel Creek, which Peabody owns.

Dempsey pointed to the Colorado “Clean Air, Clean Jobs” law passed about a dozen years that he said essentially eliminated coal from the Denver-area energy portfolio and favored natural-gas-powered electricity generation. This winter, utility customers in the state have been hit by big increases in their bills due to higher natural gas prices.

Said Dempsey, “I think the chickens have come home to roost a little bit. By eliminating coal from our portfolio, Xcel (Energy) customers are certainly experiencing higher prices perhaps than they needed to.”

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