

Thursday, June 04, 2015 3:11 PM ET **Exclusive**





















Roster of US coal companies turning to bankruptcy continues to swell

By [Taylor Kuykendall](#)

As coal market conditions squeeze even the most optimally [balanced](#) mining companies, more than three dozen coal operations have been forced into bankruptcy in just over three years.

A review of [bankruptcy](#) filings by SNL Energy found that most of the operators turning to the bankruptcy courts in the U.S. are primarily doing so in Central Appalachia. The coal mining region has been [hardest](#) hit by market pressures as the region's increasingly difficult geology has left neighboring coal basins with a competitive advantage as the entire sector battles increased regulatory scrutiny, weak export markets and inexpensive natural gas.

Coal company bankruptcy filings since 2012

01/23/12	Evergreen Energy	7	\$240M	Delaware	
01/26/12	Larry Addington	11^	\$7.1M	Kentucky	
02/15/12	Alpha & Omega Coal	7	Up to \$1M	West Virginia	
03/29/12	H & D Mining	7	Up to \$50,000	Kentucky	
06/11/12	B&B Coal	7	\$125,750	Kentucky	
06/29/12	Panther Branch Coal	7	\$2.4M	West Virginia	
07/09/12	Patriot Coal	11	More than \$1B	Missouri	
07/11/12	Conshor Mining	7	Up to \$50,000	Kentucky	
09/21/12	Tennessee Classic Coal	11	Up to \$500,000	Tennessee	
10/01/12	Haley Bros. Coal	7	Up to \$10M	Alabama	
11/07/12	King Coal Trucking	11	Up to \$50,000	West Virginia	
02/01/13	Cobra Mining	7	Up to \$50,000	Pennsylvania	
02/01/13	America West Resources	11	\$18.3M	Nevada	
02/14/13	Trinity Coal	11	NA	Kentucky	
02/14/13	Excell Energy and Coal	11	Up to \$50K	Kentucky	
02/19/13	T&T Energy	11^	\$8.5M	Kentucky	
06/28/13	Twin Star Coal	11	\$2.8M	Kentucky	
07/01/13	Detherage Coal Sales	7	\$10,398	Kentucky	
09/23/13	Lily Group	11	Up to \$50M	Indiana	
10/08/13	Valley Mining	7	Up to \$50,000	Ohio	
11/22/13	Manalapan Mining¹	7	\$2.3M	Kentucky	
11/22/13	Left Fork Mining¹	7	\$56,700	Kentucky	
11/22/13	Cloverfork Mining & Excavating¹	7	\$61,609	Kentucky	
11/22/13	Cumberland River Energies¹	7	\$14,000	Kentucky	
11/22/13	B&S Trucking¹	7	\$10,845	Kentucky	
11/22/13	Bennett Resources	7	No assets	Kentucky	
02/07/14	Cobalt Coal	7	\$30,000	West Virginia	
04/07/14	James River Coal	11	Up to \$1B	Virginia	
05/22/14	US Coal*	11^	NA	Kentucky	
05/22/14	Licking River Mining*	11^	NA	Kentucky	
06/27/14	IBCS Mining	11	Up to \$50M	Virginia	
10/08/14	Coal Valley	7	Up to \$50,000	Pennsylvania	
12/01/14	Bumi Investment	15	Up to \$1B	New York	
12/01/14	Bumi Capital²	15	Up to \$500M	New York	
12/01/14	Enercoal Resources²	15	Up to \$500M	New York	
12/03/14	Cline Mining	15	Up to \$100M	Colorado	
02/24/15	Covington Coal²	11	\$1.1M	West Virginia	
04/06/15	Xinergy	11	Less than \$50,000	Virginia	

04/15/15	Grass Creek Coal	11	Up to \$500,000	Wyoming
05/12/15	Patriot Coal	11	More than \$1B	Virginia
05/27/15	Birmingham Coal & Coke	11	Up to \$50M	Alabama
06/03/15	A & M Coal	7	Up to \$500,000	Kentucky

List may not be comprehensive.

¹ Companies of coal operator Benjamin Bennett and his family.

² U.S. units of Indonesia's PT Bumi Resources Tbk.

* Jointly filed.

[^] Later converted to a Chapter 7 case.

NA = not available

Sources: SNL Energy, assorted court filings

Credit: Cat Weeks



Patriot Coal Corp., now on its [second](#) bankruptcy since it first filed in 2012, noted the sector's challenges in a declaration from Chief Restructuring Officer Ray Dombrowski.

"Coal's share of the U.S. energy market and prices for thermal and metallurgical coal have both [declined](#) markedly," Dombrowski wrote. "The lethargic economic environment, lack of growth in energy demand generally, and a number of scheduled coal-fired plant retirements have precipitated this decline. ... Additionally, the demand and price for metallurgical coal are dependent on the strength of the global economy and, in particular, on steel production in countries such as China and India, as well as Europe, Brazil and the United States. The global metallurgical coal market continues to suffer from oversupply in addition to reduced demand from China, further depressing the price of coal."

Patriot also [cited](#) increased regulatory impediments, including not just environmental protections, but also worker health and safety obligations as reasons for the company's stress. Many companies, [particularly](#) in Central Appalachia, have also amassed a large amount of legacy liabilities.

Now, it appears **Blackhawk Mining LLC** is poised to [capture](#) a substantial amount of Patriot's assets. It also made a move on the distressed assets of **James River Coal Co.**, which expressed concerns similar to Patriot about the state of coal markets in early 2014.

"Domestic demand for coal has decreased dramatically, in large part because alternative sources of energy have become increasingly attractive to electricity generators in light of declining natural gas prices and more burdensome environmental and other governmental [regulations](#)," wrote former James River Chairman and CEO Peter Socha in an April 7, 2014, bankruptcy filing. "Similarly, the seaborne markets have experienced an oversupply of coal products, primarily in response to slow economic growth in key international markets."

Murray Energy Corp. President and CEO Robert Murray [warned](#) attendants of an industry conference in September 2014 that more coal companies could soon resort to bankruptcy. He said those publicly touting their ability to shed costs in tough markets — as **Alpha Natural Resources Inc.**, **Arch Coal Inc.** and other [companies](#) have [done](#) — are in [trouble](#).

"Because in the coal business, you already had your costs as low as you could possibly make them every day," Murray said. "That is garbage from public coal companies who are worried about their stock price. Be alerted."

Arch has been [reported](#) to have hired restructuring advisers to help the company reduce its debt.

While the met coal market has shown some signs of hitting [bottom](#), any recovery may not be rapid enough to save producers that are closest to the edge. Though Alpha and Arch have significant [liquidity](#) cushions, many analysts have kept a [watchful](#) eye on **Walter Energy Inc.**, a met coal producer with a lower pool of liquidity.

While regulations expected to restrict demand are on the horizon for domestic thermal coal companies, at least one company [believes](#) that those with heavy thermal coal portfolios are in better shape than those that primarily produce met coal. Credit Suisse, which recently initiated coverage on several in the coal sector, [warned](#) investors considering picking up cheap coal stocks that the industry faces a "dire macro outlook."

Many producers that have filed for bankruptcy are seeking to liquidate their assets, but some are hoping to restructure and emerge as a stronger company. Mark Levin, a BB&T Capital Markets analyst, noted in a recent report that coal companies looking around at distressed competitors may seek a "first mover" advantage and file bankruptcy soon. He also [suggested](#) a major bankruptcy, like that of Walter, could trigger a domino effect that ripples through the industry.

Article updated at 3:22 p.m. EST on June 5, 2015, to correct the date of Cobalt Coal's bankruptcy filing.