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Owensboro taps three through 1998

Owensboro Municipal Utilities will not have to buy any spot coal in 1998 following the award of three contracts with terms ranging from 12 to 19 months.

OMU could exercise options in these and other contracts that could eliminate any need for spot coal next year, an official said. OMU presumably could consider spot coal tons against those options, however. Here are details of the awards, including truck haul costs to the Smith plant.

COALSALES, the Peabody Holding sales unit, will supply 380,000 to 690,000 tons of coal from June 1997 through December 1998. Price is 101¢/mmBtu for coal containing 10,750 Btu/lb, 7 lbs/mmBtu of SO₂ and 16.5% ash. The source is the new Big Run surface mine of Peabody subsidiary Patriot Coal.

MAPCO Coal's Dotiki mine in 1998 will furnish 180,000 tons of 11,400-Btu/lb, 7.9-lbs-SO₂, 16.5%-ash coal for 97.5¢/mmBtu.

Finally, **Solar Sources** will supply 373,000 to 410,000 tons of coal from its Oatsville surface mine in Pike County, Ind., from May 1997 through December 1998. Specs are 10,500 Btu/lb, 6.5 lbs of SO₂ and 15% ash. Delivered price is 99¢/mmBtu.

These prices illustrate the tight market in the Illinois Basin, particularly in western Kentucky. OMU's average coal cost last year, for both spot and contract coal, was about 91-92¢/mmBtu.

One low-priced contract was with **Kindill Mining**, but Kindill was barely underway on a 1997 contract before ceasing shipments. Lawsuits are pending (CO 5/31/97).

Duke Power overhauls nuclear units

Duke Power is in the middle of a major, 100-day overhaul of one nuclear unit and expects to perform a similar overhaul on a second unit this fall.

While longer and more complicated than usual, the outages are not as sweeping as the outages suffered last fall, when the three-unit 2,540-MW Oconee nuclear plant was taken off line for repairs and inspections (CO 11/11/96 *Marketscoop*). The three Oconee units returned to service earlier this year.

McGuire No. 1, an 1129-MW nuclear unit, was taken off line Feb. 14 for refueling and for replacement of four steam generators. The unit is expected back in service in mid-May. The identical McGuire No. 2 unit will undergo the same work starting in late September.

Last year's nuclear unit outages were believed to have contributed to an increase in spot coal purchases last year. Duke last year burned 15.4 million tons of coal, some 3.3 million tons more than was burned in 1995.

Kepler increasing prep capacity

Kepler Processing, an affiliate of **AMCI**, will increase the throughput of its 51 prep plant in Wyoming by adding a raw coal input crushing line.

This change will increase capacity from 700 tons/hr to 1,000 tons/hr. Plant manager John Harsanyi said modern technology will allow the plant to ship more coal if that

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Cyprus sees problems, changes in Utah

Cyprus Amax Coal has had some mining problems at its two Utah mines, with one set of problems improving and another set apparently not improving.

Cyprus started development mining last fall at its new Willow Creek mine. It knew it was going to have problems working through some low coal (four to five feet thick) in the entry area for the mine, sources said. But the low coal extended further than Cyprus thought, and the rock it had to work through in the entries was harder than thought, thus chewing up equipment, said local sources. But those sources say Cyprus is now working into the thicker coal, so those problems are apparently over.

Cyprus Amax Minerals Chairman Milt Ward said development there is actually ahead of schedule (whether he was talking original schedule or some subsequent revision of the schedule isn't clear). Cyprus Amax Coal President Garold Spindler, in a conference call last week with investment analysts, said the Willow Creek longwall should start operations at the beginning of 1998. Several months ago Cyprus officials were pointing to a late-summer 1997 start for the longwall.

Cyprus Amax also says development is going so well at Willow Creek that the nearby Star Point mine, which Willow Creek is designed to replace, actually will be shut ahead of schedule.

However, early closure of Star Point might involve more than good luck at Willow Creek. Local sources say Star Point ran into a couple of unexpected faults and some rock channels recently. In a best-case scenario, a local **Bureau of Land Management** official said the mine might have seven or eight longwall panels left. But in a worst-case forecast, due to the faulting and channels, it might only have three panels, and the longwall might have to halt work at the end of the year. (BLM leases to Cyprus much of the reserves at both mines and monitors developments there.)

Cyprus spokesperson Mike Rounds declined comment last week on how many panels Star Point has left. He did note that recently a contractor, **Basic Management LLC**, was brought in to operate the continuous miner sections at Star Point. Apparently Basic will mine some additional reserves for a time after the longwall is shut. How long that will go on isn't clear.

Also, the general manager in charge of Willow Creek and Star Point, Allen Childs, recently resigned. Rounds said only that he left to pursue "other opportunities." Dewey Tanner Jr., the general manager at Cyprus's Shoshone mine in Wyoming, has been appointed to replace Childs. John Borla, the project manager at Willow Creek, is moving to Shoshone to replace Tanner.

Ashland has reserves for Mountaineer longwall

Indications are that **Ashland Coal** has about five years of coal left in the seam being worked by its Mountaineer longwall, despite some rumors to the contrary.

Mountaineer is located in Logan County, W. Va., and taps the Lower Cedar Grove seam. It is under Ashland's **Mingo Logan Coal** subsidiary. The mine, since its first full year of longwalling in 1991, has produced coal cheaply enough to allow Ashland to set prices for that type of coal in the market, so its future is a critical competitive element.

Some sources, including a **UMW** official who is trying to organize workers at Mingo Logan, say that the mine will run through its longwall-Cedar Grove reserves in two to three years. Ashland official says longwall reserves will last "beyond 2000," but couldn't say more.

A source who is very familiar with the property said the mine has five more years in the Lower Cedar Grove. Once these reserves are tapped out, Ashland plans to drop Mountaineer works to the Alma seam and longwalling there is only about five years of longwall-capable coal in

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This change will increase the raw coal feed capacity from 700 tons/hr to 1,000 tons/hr, and the clean coal capacity from 450 tons/hr to 600 tons. Kepler President John Harsanyi said that "the plant's use of modern technology will allow more flexibility to process and ship more coal if the market demands it."

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Some sources, including a **UMW** official who is trying to organize workers at Mingo Logan, say that the mine will run through its longwall-workable Lower Cedar Grove reserves in two to three years. Ashland official David Todd said these longwall reserves will last "beyond 2000," but couldn't say how long past 2000.

One impartial source who is very familiar with the property said the longwall will last around five more years in the Lower Cedar Grove.

Todd said that once these reserves are tapped out, Ashland plans to drop down below the current Mountaineer works to the Alma seam and longwall there. A source said there is only about five years of longwall-capable coal in