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Section B
Page 1

especially during the first 24 hours

# Poor Coal Quality Prompts U.S. Fuel To Lay Off All But 18 of Its Workers

HIAWATHA, Carbon County — U.S. Fuel Co. will lay off nearly 90 percent — or all but 18 of its 152 employees — here April 19 because of "adverse mining conditions and poor coal quality" in its only active mine, the King No. 4.

But U.S. Fuel's Gary Barker, president and general manager, told *The Salt Lake Tribune* Wednesday the company will continue to meet its long-term coal contracts by drawing down its large stockpile and using coal produced daily by the remaining miners.

Those long-term contracts — which Mr. Barker said represent about 15 percent of U.S. Fuel's production — are with Nevada Power Co. and the Intermountain Power Agency. The latter contract is for 108,000 tons a year.

Mr. Barker said U.S. Fuel recently lost a contract to supply Utah Power's Castle Gate power plant because of insufficient coal quality.

The U.S. Fuel president explained miners have encountered a thin seam of coal, resulting in "spiraling" mining costs. He added, "By a thin seam, I mean the roof and floor [of the mining area] are very close together."

Mr. Barker said if that isn't enough, the coal's ash and sulphur content is unacceptably high to many buyers. "And unfortunately, since this is an old mine we have no where else to go," he said.

Mr. Barker said the U.S. Fuel's mine operations at the town of Hiawatha, south of Price, does have other coal reserves. But he said because spot coal prices have plummeted so low — it's currently under $20 a ton — that isn't enough to financially justify U.S. Fuel to develop the reserves.

"If the price of coal improves, we'll take a new look [at developing the reserves]," said Mr. Barker. But he said he expects the layoff to last "a long time."

Last year, U.S. Fuel, whose parent company is Wichita, Kan.-based Mueller Industries, produced 700,000 tons of coal.

Mr. Barker said last year U.S. Fuel filled a significant coal order for a Pacific Rim customer. But he said the mine has been unable to "firm anything up" for a repeat order this year because of difficulties with coal pricing and the problems it is facing with mining conditions and poor coal quality.

Jahan Bani, coal analyst for the Utah Energy Office, said while U.S. Fuel's layoff is adverse from the standpoint of the loss of jobs, it will not have a measurably negative impact on coal production in the state.