

* **First Willow Creek coal shipped**

Cyprus Amax Coal has begun loading full unit trains at its new Willow Creek mine in Utah and is sending export coal to the Port of Long Beach.

Cyprus Amax loaded the first full train at Willow Creek on July 21 and has loaded five trains since, all bound for Long Beach. The mine is producing about 6,000-7,000 tons/day, according to a mine official, and the company hopes to have it in full production (with a longwall) by mid-November. Willow Creek is viewed as a replacement for the Plateau mine that is reaching the end of longwall production (see *Supplement*). Plans call for Willow Creek to produce 5 million tons/yr.

The mine ships on Utah Railway from the old Castle Gate loadout, which has been upgraded by Cyprus and the railroad. It can now handle trains of up to 110 cars, and the grade has been reduced from 2.25% to 1.3%. The loadout is located in a narrow canyon, and the railroad hauled in 100,000 cubic yards of fill to build a yard next to the mainline.

Utah Railway got exclusive access to the new mine.

* **BNSF train stalls in Moffet tunnel**

The first Burlington Northern Santa Fe Railroad coal train to use trackage rights over Union Pacific lines got stuck in UP's Moffet tunnel due to a software problem, the railroads said.

The 105-car train, pulled by five SD70 MAC locomotives, was on its way from Andalex Resources, through Wild Cat loadout, to Chicago on July 28. It was using distributive power, i.e., the locomotives were distributed throughout the train—two in front, two in the middle and one in the rear—to allow easier pulls over grades and more even braking and start-up.

The six-mile-long tunnel is located west of Denver on a main UP line. The two lead locomotives and 13 cars had just entered the tunnel when radio contact was lost between the lead locomotives and the other three. The loss of continuity triggered an automatic braking feature, and the train stopped.

It took 14 hours to break up the train and get it out of the tunnel because engineers were unable to release the brakes due to a pebble lodged in an emergency brake valve. UP helper engines broke the train in two, and it then proceeded under BNSF power through the tunnel.

BNSF blamed the incident on a software problem in one locomotive. The locomotive manufacturer was aware of the problem, BNSF said, "but the information did not flow to us." One official said the problem was unique to that locomotive, and no problems are expected on future shipments through the tunnel.

Wheatcroft mine hits 40,000/mo

Lodestar Energy's Wheatcroft mine hit a production rate of about 40,000 tons/mo recently, and will stay that way pending further developments, said Lodestar official Gene Holdaway.

This is the maximum output for the West Kentucky mine with one continuous miner. The former longwall mine was recently reopened. Holdaway said another CM could be added, especially if Lodestar wins business in the Tennessee Valley Authority's Requisition 36, which he said seems to be aimed at the No. 9-seam coal produced by Wheatcroft and other mines in the region.

Marketscoop, 3/10).

"The problem is Soo Line," said one rail official. "They have had a shortage of engines and crews, and they have fallen quite a bit behind, maybe as much as 300,000 tons."

Another source agreed. "Soo knew the extra tonnage was coming but didn't staff for it. They keep running out of crews. Labor rules are a major issue."

An NS official commented, "We're never quite sure when we will get the coal. They [Soo] have had a lot of start-up problems and labor problems."

CP's Lon Van Gemert said the problems were normal for a start-up operation involving a new mine and three railroads. "There have been sporadic manpower or crew problems," he said. "All the parties involved have had problems, but we're ironing them out as fast as we can. We expect to achieve some degree of normality in 30 to 60 days."

About making up the tonnage, Van Gemert said, "We're going to give it our best effort."

Dick Newman, general manager of ISRR, said he was not aware of any problems. Black Beauty referred questions to PSI. PSI declined to comment.

In an effort to solve the issue, the railroads have concluded a run-through power agreement. "Soo has worked out a deal with ISRR that will allow IS crews to run over Soo lines," a source said. "That will help expedite matters."

In addition, Norfolk Southern has agreed to leave its power on the trains when they come back from the plant. "Each train was putting on its own power, and that has caused a lot of delays," one source commented. "Now each railroad will keep its own power on from the mine to the plant."

* **UP/SP merger effects seen in Utah coal business**

Almost a year after the merger of Union Pacific and Southern Pacific railroads, the effects are beginning to be seen in the Utah coal industry.

Burlington Northern Santa Fe, taking advantage of trackage rights it received as a condition of the merger, shipped its first trainload of coal from Utah to Chicago at the end of July (see *brief, this page*).

At the same time, Union Pacific is touting the benefits of single-line movement of coal from Utah mines to Southern California, particularly to the new Los Angeles Export Terminal.

BNSF delivered a 105-car train to Utah Railway at Grand Junction, Co., on July 27. Utah moved the test train to the Wild Cat loadout, loaded 12,800 tons of coal and returned the train to Grand Junction on July 28, a 368-mile round trip accomplished in 20 hours. BNSF moved the train over UP/SP tracks to Denver, then hauled the coal over BNSF lines to Chicago, where it transferred to barges at the KCBX Terminal and was delivered to Marblehead Lime Co.

The coal sale was handled by Oxbow Carbon and Minerals, which has a contract to supply Marblehead. Three more test trains are scheduled to follow the same route in the next few weeks.

Other than a one-day delay in the Moffet tunnel, BNSF officials reported no problems with the transaction. "It did well on Utah Railway and, other than the tunnel, we think it did fine," said BNSF's Rick Ellis.

Gregory Swienton, senior vice president for coal at BNSF, was pleased with the new business but does not expect Utah coal to become a major part of the railroad's activity. "We'd obviously like to get as much as we can," Swienton said, "but we have to be realistic about the opportunity. Utah Railway has been very cooperative. I don't know that it will be a huge opportunity for us, but we will compete for it aggressively."

Pete Rickershauser, BNSF's vice president for marketing on the UP/SP lines, said the company has other bids in for Utah business but no other contracts lined up.

John West, executive vice president of Utah Railway, stated, "We hope and expect this movement to be a prelude to future business and will demonstrate how Utah can provide the means whereby real competition between UP and

HPM shuts biggest deep mine

On June 26 HPM Corp. idled its largest deep mine due to a problem with the mine's contract operator, a UMW official said last week.

The UMW represents workers at the HPM operation, which is in Nicholas County, W.Va. The union official said contractor Pehem Industries is having financial problems. He said Pehem owes the union about \$500,000 in back wages and past-due medical bills.

HPM is working on getting a new contract operator in at the Pehem mine, which worked the Winifrede seam, said the union official. Pehem had operated another contract deep mine for HPM, in the Coalburg seam, but that was shut earlier this year due to geology problems. The only mine now running at HPM is a deep operation in the Eagle seam run by contractor South Fork Mining.

HPM got out of surface mining in 1995, after exhausting what at the time looked like its only minable surface reserves (CO 8/28/95). But the union official said recent exploration has shown HPM might have a 10-million-ton block of surface coal, and he said the company is looking at mining it.

HPM ships its coal on Conrail. Its primary customer is Detroit Edison. HPM officials were unavailable for comment.

Energy Group sells Citizen assets

The Energy Group, the parent of Peabody Holding, will sell many of the assets of power marketer Citizens Power back to Lehman Brothers.

In May TEG bought Citizens from Lehman and Citizens Energy Corp. (CO 5/26). But in June PacifiCorp agreed to buy TEG (CO 6/16). TEG official Chris Farrand said it was discovered the Citizens assets subject to the Federal Energy Regulatory Commission would cause complications for the PacifiCorp takeover of TEG. So those assets are being sold to Lehman.

The assets are Citizens' portfolio of power contracts, four agreements on restructuring of non-utility generator contracts with utilities, certain master agreements on transmission access and Citizens' FERC-issued power marketer license. In some ways this means that after the sale the traders at Citizens will be starting from scratch, but they will have access to the power marketer license and trading assets held by PacifiCorp. TEG has asked FERC to approve the sale to Lehman by an expedited deadline of Aug. 5.

Cyprus stems flood at Willow Creek

In early July Cyprus Amax Coal hit an old borehole in its Willow Creek mine in Utah, causing a flood of water in that section of the mine.

A state mine permitting official said that apparently the water was shooting out of the old works of the long-shut Kenilworth mine below. Cyprus had to plug the hole and pump out the water, causing production to go down for a few days. Continuous miners are currently setting up the first longwall panels for the new mine. The longwall should start making its first cuts around the end of this year.

GPU, NYSEG eye scrubber at Homer City

Coal Outlook has learned GPU Generating and New York State Electric & Gas, the co-owners of the Homer City plant, might scrub some of capacity of the Pennsylvania plant.

Ralph D. Genuario, the president of Virginia Accelerators Corp., last week told Coal Outlook that about the only thing standing in the way of project is securing Dept. of Defense funding.

Virginia Accelerators is a small company based in the Washington, D.C. area that is jointly marketing an "electron gun" scrubber technology with Research-Cottrell, a major supplier of pollution control equipment to electric utilities. This "gun" shoots a stream of electrons into flue gas and can remove more than 98% of SO₂, 90% of NO_x and all fine particulates. Ammonia also injected during the process, and a resulting byproduct—an ammonium sulfate—can be used as fertilizer.

Last week GPU spokesperson Cindy Abram acknowledged that a memorandum of understanding is being worked on for a scrubber project at Homer City and an economic analysis for the project is under way. But she emphasized that such a project is by no means certain and could provide no other details.

Genuario said the plan is to install an electron scrubber on units 1 and 2 or on just Unit 1, at Homer City. The device would scrub 50 MW of the capacity of either or both of those units, which have a combined capacity of 1,250 MW.

If the technology proves out, Genuario said, then GPU/NYSEG has a option for early 1999 to build a larger electron scrubber to cover all of the 650 MW of capacity at Homer City Unit 3.

For clean-air reasons Unit 3 has had to burn expensive low-sulfur coal in recent years. Most of the coal is supplied by Tanoma Coal Sales from sources both inside and outside Pennsylvania. But the plant co-owners definitely want to go back to minemouth, high-sulfur coal at Unit 3, Genuario said.

The companies involved in this \$26 million, 50-MW demonstration project plan to put up \$10 million of the money, Genuario said. Another \$10 million will come from the Dept. of Energy and the Dept. of Defense. Genuario explained that DoD has a \$10 million allocation for projects that develop emission control technologies that can be used at DoD's coal-fired steam plants and waste incinerators. The electron scrubber qualifies for the funding, Genuario said, but so far project backers haven't gotten DoD to allocate it to them. The 650-MW scale-up project would be privately financed.

Gibsonton Terminal sold to new company

Three Rivers Marine & Rail Terminals has purchased the Gibsonton Terminal in Pennsylvania from veteran dock operator Matt Canestrale.

Terms of the deal, which was finalized July 11, were not revealed. Three Rivers Marine is a new company formed by relatives of the owners of Commercial Stone Co., Connellsville, Pa.

The terminal is located at Monongahela River mile point 42.5R. It handles about 2 million tons per year of bulk products, more than half of which is coal from Pittsburgh seam mines.

Commercial Stone is the largest producer of crushed stone and asphalt in western Pennsylvania, according to a company official. Gibsonton is the first terminal acquired by the family members, although the official said they are looking to acquire others.

"We think the dock is at a strategic location," he continued. "It has approximately 100 acres and is served by two railroads: CSX and the Wheeling & Lake Erie. It has a large capacity, and it is located on Interstate Highway 70."

The official said the company hopes to load more aggregates at the dock but will continue to load coal. "It is a good opportunity for coal," he said. "We intend to keep the existing relationships and hope to load more coal." He said Three Rivers will improve the scale facility and offloading capacity at Gibsonton.

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