

## **B&W Resources, Inc. Strip Mine**

Doug Melton, Steve Cawood

September 9, 2004

(Crowd and machine noise)

**Fragment:** "I was in high school in '68..."

**Doug Melton (Safety Director for B&W):** I'd be happy to answer any questions...

**Audience member:** Was that a change, what you were just saying, about 95% of even management is local?

**Melton:** Well, yes, actually a 100%...

**Audience member:** When did that change?

**Melton:** It's always been, when we developed our company, it was all local people.

**Audience member:** What's your company?

**Melton:** It's B&W, Begley and Wells... The Begleys are from Leslie County... all of our... Our company is comprised of three owners, two Begleys and one Wells, and they are all from Leslie County. They began... all of them have a coal background, but they were all loggers, and all decided to get a coal company started and three years ago, we're three years old, and three years ago why we put together B&W Resources. And as I've said, at present we have four surface mines, a washer, and a tipple.

**Audience member:** In the past ten years, coal has gone up and down in terms of production, can you track a little bit of that history for us?

**Melton:** Three years ago when we went into, when we actually got serious about putting the company together, coal prices were at a probably ten or twelve year high and, within the last two years it went to an all time low, and now it's, we're seeing a rise again.

**Audience member:** Why?

**Melton:** Supply and demand... Everybody wants coal at this time. If when you flip a switch to turn your lights on, you're burning coal.

**John Malpede:** Why'd it tend to dip? Why'd it go so low?

**Melton:** Again, supply and demand, there was just so many stockpiles, there was so much coal in the stockpiles (drowned out by truck passing)... normally, as a rule, it follows the price of oil...

**Audience member:** Oil goes up, it goes up, goes down...?

**Melton:** Yes, not immediately, but as a rule, if you see the increase in oil you can watch coal prices go up also.

**Audience member:** Have there been shifts in governmental policies about the mining industry over this say past five or ten year period?

**Melton:** Well, the shift for several years has been toward safety, now more so than ever, and I am the Safety Director for our company and it has become more and more obvious to me that its all about... we are... I'm a firm advocate believing that you can produce coal safely. Maybe a few years ago that wasn't so, but now we have a lot of agencies over us now we've got... we answer to a lot of agencies over us now... we've got... we answer to a lot of people. Even with all those agencies, we've been successful.

**Audience member:** The safety that you've talked about just now, is it primarily occupational safety for the workers, or also ecological, environmental safety as well?

**Melton:** Everything. Everything. All of it... its not just for the employee, its for everyone. There's a... we've got agencies for just about everything and we're... Tim Wells and myself we deal with them daily, and we're real proud of the job we do here.

**Audience member:** How is a small, locally owned coal company like this different from a major corporate coal operation?

**Melton:** The day to day... I can walk into the President's office, the President can drive by... the day to day contact. All the owners have personal day to day contact. The President tours the job daily as opposed to a corporate type situation where you may never know, or never see the President of the company

**Audience member:** What difference does that make?

**Nell Fields:** I can answer that.

**Audience member:** Please.

**Fields:** One example is when we started looking for a place to do this I went to a large corporation, a place (truck noise)... to gain access, and I could barely gain access to the guard shack, and so, but when I called up this office, we had an

hour conversation, just on the call and things happened immediately, and it all come (together) in just one conversation – that's the difference, you get connected to people...

**Melton:** The day to day contact

**Audience member:** Since 9-11 have you seen different types of issues around security

**Melton:** No... a lot more with our explosives, course we use explosives day to day... I haven't seen anything that I wasn't doing, I'm old fashioned... years ago, I was actually out here using explosives and very little has changed since then because we have very very tight controls, we have to account for each item we use on a day to day basis. And that's basically all the same.

**Audience member:** Do you own the lands that you mine, or do you lease them?

**Melton:** No, not always, sometimes we'll buy if the price is right, we'll buy it as a unit, but we normally, no ma'am, it'll be permitted under someone else's... this is an old permit, this mine, actually this mine's been worked out two or three different times...

**Audience member:** Uh-uh, and is the land owned by someone local?

**Melton:** The gentleman who lives right on top of this hill, owns all this land.

**Audience member:** Owns it all... who owns the mineral rights?

**Melton:** Normally, the people that own the land in a lot of cases. Not always, but in this case the same one that owns the land. On this particular job.

**Audience member:** (inaudible- truck noise)

**Melton:** We have that, we have that. Each job is different. Each job is different. Some own their own minerals, some companies own their minerals.

**Audience member:** What differences do you see between a locally owned company like yours and many of the other companies in the region like we just heard about as far as workers feel... um... what do you see as the difference between locally owned and not locally owned?

**Melton:** Again, it's day to day contact. It's having access, knowing everybody's name... The advantage... I am convinced I have a hundred and thirty one of the best employees available in the area. I am firmly convinced of that. (truck noise) There is a fierce, a very fierce pride in working for this company, for B&W... you'll see a lot of, you go in the parking lot and you see B&W stickers on the back of

vehicles. You'll see, on the front of all of our trucks you'll see B&W... it's a very sizeable thing... we're all extremely proud of what we do, we're extremely proud of the coal industry. You know, I've got thirty-one years out here, I've been working thirty one years out here in the mining industry, I have two daughters – one of em's in law school and the other one's a school teacher... as a result of coal. And that's the reason... I won't say nothing negative, there's nothing negative. I hope to promote this thing... this is our livelihoods, this is all of our livelihoods, a hundred and thirty one people, this is our livelihoods and we're extremely proud of who we are and what we do... (truck noise)

**Audience member:** (inaudible question)

**Melton:** But I never seen those people... when I needed something, I had to go through... it's not like this – everything stays in the surrounding area, all of our people are local people from top to bottom. I think I've hired people out of four or maybe five counties, the immediate counties. That's it. Nobody out of state, everybody local.

**Audience member:** I'm not sure you're ready for a question like this... but I was wondering with your experience, if there is... if you have suggestions or better ideas for constructing the coal?

**Melton:** Well if you ask that same question, everybody's got their own idea. We feel, we feel that we are doing, with what we have... all of our equipment's new, we have a very safe program, and we feel we have the best idea in town. We feel we're the best game in town. And our methods are a little slower, other company's bring shovels in, and we do exactly what you can look over the berm here and see, look down and see what we're doing... you can actually tell... this is our way of being successful.

**Audience member:** Is there another way...

(Truck noise)

**Melton:** It's complete mountain top removal, everything will go down... that's what we call the 5-A seam and we will probably go down to the highway, even under the houses – we'll move the houses, we'll set the house over and if everything works out, we'll go to the highway. Leave the mountain top.

**Audience member:** Do you have to reclaim the mountain top like you have to reclaim the strip surface?

**Melton:** Yes, it, it will actually be a lot better than what... If that goes through, if everything goes as planned, as you look back, if you look back over here, that's a not a very, a real good job of reclamation, but as we go through here, all this'll be smoothed, there'll be a lot of... (inaudible)... initially, this was going to be a golf

course, and, for whatever reason, it is no longer considered for that purpose... We came in here and mined, and when we walk out of here, it'll be a showcase.

**Audience member:** What's this project being from Kentucky, and being from here, knowing and owning this land, does that... how does that affect... how you just meet the series of requirements from EPA or do you go beyond those, do you...

**Melton:** Well, we feel like we exceed, we don't just go with the average thing, but we exceed everything we attempt... we're not happy with just being normal – we feel like we're the best game in town... On this particular job, and I don't want to sound like I'm bragging in one respect, but in one respect I am... MSHA, which is the Mine Safety and Health Administration, they inspect this thing on a regular basis – I don't have any citations, other than just some trivial things against this job. Well, the normal would be to have several citations, but we exceed that, we work so hard at just the little things, and that's what seems to make us successful.

**Audience member:** What's the effect when you live downstream, down low when you fill in the streams and stuff like that?

**Melton:** We have dams that protect those, we have to do water surveys, we have to do water surveys that everybody, not just us, but federal agencies all do water, they check that water regularly to make sure we're not doing anything wrong. As I said, there's a lake right down on the other side of this mountain, you can sit right down on the mountaintop and look right down into Carr Fork Lake and we have no problems, the mining, actually right back here on the back side (truck noise- inaudible)

**Audience member:** Is there any local organized opposition to the mining? Like in this community?

**Melton:** Well there's always (laughs) and not meaning anything negative, I'm not responding in a negative way, we've always got someone, but very little... we work to make it work, work real hard to make everything work and get along with everybody. And this job in particular, with all of our neighbors, we've had very very few complaints.

**Audience member:** Thinking in terms of local economic impacts, secondary economic benefits from this kind of an industry... are you able to buy a lot of your materials and supplies locally and do you think a locally owned mine is more conscious about thinking about that than a major corporate operation would be?

**Melton:** Well, again, day to day contact... I buy my fuel out of Hazard, this is a central location... we don't bring anything in, well obviously, the ammonium nitrate, blasting caps have to come in, but everything I buy, I make an honest

effort if I'm in Knott County, to give Knott County business. If I'm in Leslie County, I give Leslie County business.

**Audience member:** Is that different from what you saw when you were working ...

**Melton:** Well, I wasn't quite as high in that company as I am in this one...

**Edelman (Mitty Owens):** Well, we'd like to express our appreciation and move on.

(applause)

**Audience member:** What's the line wage, here, for the line worker?

**Melton:** Here, its fourteen, fourteen dollars an hour...

**Henriette Brouwers:** Steve, Steve want to tell a story? A Short one, from the Kennedy tape? Yeah? Because we have very little time.

**Steve Cawood:** So is everyone gonna ask questions?

**Robert Salyer:** Let everyone know, John, let everyone know...

**Malpede:** In just a few, we have to go to Alice Lloyd in a minute or two...

**Cawood:** I guess not... my first reaction is in contrast to the welcome we've been given here to day with what we got in 1968. In 1968, our welcome committee, the welcoming committee were the guards at the gate, like Nell was talking about a while ago, and they weren't at all interested in Senator Kennedy visiting the mine and he had to get out and use a little gentle personal persuasion, ah, to ah, even have a look at the mine. That's the first thing. The second thing I guess that impresses me, ah, the fact that the people we're talking with here today, their first consideration seems to be some concern with the environment—that wasn't present at all at that time... there was not surface mine regulatory program at that time, or what Kentucky had was minimalistic so to speak, and nothing with what we're talking about today, um, the Mine Safety and Health Administration did not even enforce safety regulations on surface mines except for blasting at that time and you're talking about a completely different regulated atmosphere. A third thing that impresses me is the size of the equipment, and this is clearly a major, modern mining operation with an intention from the outset that it be restored to something that resembles that reclaimed area we just drove through coming in here. That will be something less than the degradation that Senator Kennedy saw in 68. At that time, as I recall, there were Appalachian Volunteers running around behind the equipment to try to point out a house sliding off the side of the hill that was just regarded as inconsequential

by those running the operation and that isn't something you'd see in this operation, clearly...

**Brouwers:** John, we have to go.

**Malpede:** Everybody mount your vehicles. (laughter and applause)