

Newsmaker Interview



Bob Benson Talks Coal

Coal News: *The North American Coal Corporation (NACCO Industries) is the seventh largest coal company in America in 2013 producing 29.9 million tons or 3.0% of the nation's production. Bob Benson, we very much appreciate you talking to readers of Coal News as we celebrate our 10th Anniversary. Our readers would be very interested in your background and how you came to be President and CEO of North American Coal Corporation?*

Bob Benson: I was born and raised in Eastern North Dakota, as was my wife Eleanor. We have three grown children and six grandchildren. After I received my degree in Civil Engineering from the University of North Dakota I started my career with Morrison-Knudsen, a large construction and mining company, headquartered in Boise, Idaho. After several assignments at various locations, we decided we would like to raise our family in North Dakota, and in 1976 I was hired by North American Coal to oversee the design and construction of the Coal Handling Facility at the Falkirk Mine. I eventually became Production Manager at Falkirk. In 1983 I became the General Superintendent of the Indian Head Mine and in 1990, the President of Coteau Properties. North American Coal entered into a joint venture with Phillips Coal to build the Red Hills Mine in Mississippi in 1997 and I was asked to move south to build the state's first coal mine. So Eleanor and I packed up and moved. In September 2001, I was promoted to Vice President of Southern Operations. Our move to Dallas occurred in the fall of 2005 when I was promoted to Vice President and Chief Operating Officer. I assumed the position of President and CEO upon the retirement of Cliff Miercort, in 2006. Over the years I have attended various management courses. I found the Advanced Management Program at Harvard to be the most beneficial. However in reflection, the most invaluable lessons are those I have always gained working with the people at all of our locations.

Coal News: *North American Coal has a long and colorful history in coal. Tell us about that please.*

Bob Benson: North American Coal celebrated its 100th anniversary in 2013. It was a very exciting time for us as very few companies achieve such a milestone. The company started out as a brokerage business but quickly entered into the underground mining business in Ohio, West Virginia and Pennsylvania, producing steam and metallurgical coals. The company continued to expand and eventually owned a shipping company on the Great Lakes and a short line railroad. The company ventured into western surface mining

with the acquisition of the Dakota Collieries Company in 1957, later renamed the Indian Head Mine. The company then began an extensive program to acquire lignite reserves that eventually led to supplying fuel for Basin Electric's Great Plains Gasification Plant and Antelope Valley Station in North Dakota. Construction of North American's Falkirk Mine, which supplies lignite to Great River Energy's Coal Creek Station in North Dakota, began in 1975. The company continued its expansion in the surface mining business with the construction of the Sabine Mine in east Texas and the Red River Mine in Louisiana. The company's next business venture was into the limerock business in south Florida. The water table is very close to the surface so draglines are utilized to excavate and stack the material so it can dry before processing into various products.

Coal News: *Describe for us please the organization and facilities of The North American Coal today as well as your newest operations?*

Bob Benson: We maintain a small presence in Ohio and Pennsylvania where we continue to operate water treatment plants and maintain coal leases near our earliest operations. North Dakota is home to our two largest operations and a new mine. The Falkirk Mine produces approximately 8 million tons per year for Great River Energy's Coal Creek Station. We are also involved with operating the coal dryers for this facility. The Freedom Mine produces about 15 million tons per year for Basin Electric's Great Plains Gasification Plant, Antelope Valley Station, and Leland Olds Station. We are also constructing a new mine, Coyote Creek, that will supply coal to the existing Coyote Station beginning in May 2016. The Sabine Mine, located in Texas, produces approximately 4 million tons per year for AEP's Pirkey Power Plant. Two new operations are currently under construction in Texas. Caddo Creek, located in east Texas will supply lignite for an activated carbon facility beginning in 2015. Camino Real, located in south Texas, after being worked on for more than 15 years, is finally under construction. It will supply approximately 3 million tons per year to a power plant in Mexico. You might say we never give up. Another new operation is Demery Resources, located in Louisiana, which also supplies lignite to an activated carbon facility. Our activities in Mississippi began in 1997 with the construction of the Red Hills Mine. This was the first coal mine in the state and was constructed to supply approximately 3.5 million tons per year to the Red Hills Power Plant. A second coal mine in the state has just

recently become operational to supply coal to Mississippi Power's IGCC plant in Kemper County. The mine will ultimately produce around 4.5 million tons per year. North American Coal got

Coal News: *These are tough times for us all. Describe the challenges the industry faces as you see them and are there any bright spots?*

Bob Benson: The current administra-



Bob Benson

tion has openly declared a "War on Coal." It seems like every day we have a new rule or regulation regarding the mining or use of coal. Emissions from power plants have been reduced by 90 percent since the passage of the Clean Air Act. In addition, it has been reported that CO2 emissions have been reduced by 12% in the last ten years. We all want to protect the environment and I believe the mining industry has worked hard in that regard. You have heard me say that global warming is based on political science, not real science. I was taught that an important part of science was to challenge the theories. Apparently that isn't the case with the global warming alarmists. We are beginning to see some countries going back to coal as they recognize that today, with the latest available technology, it is one of the cleanest and most efficient forms of energy. Low cost reliable energy is one of the key factors in improving living conditions in third world countries. Coal, which is our most abundant resource, must as such, remain part of the world's energy mix.

Coal News: *Safety is of vital importance to us all. Please tell us about your philosophy regarding coal mine safety and are you getting the results you want?*

Bob Benson: We have all heard it said that safety starts at the top. For North American Coal, the top is in the Board room. When I started with the company in 1976, our President, Otes Bennett, said safety was NUMBER ONE and that has always been the case. The challenge we face today is one of training. We are starting up several new operations and have numerous employees retiring from our older operations. The mining industry has high standards for safety and it takes time to engrain this into employees. Once you do, it becomes obvious to everyone that if you put safety NUMBER ONE, and live it, production will come automatically. The industry, in cooperation with the National Mining Association, has put a special emphasis on safety and training and it is paying off.

switch on the wall, let alone how clean and affordable electricity is from today's coal fired power plants. The opposition seems to have an unlimited supply of money to promote their interpretation of science. For the sake of our children and grandchildren, we need these 800,000 people, their friends, relatives and neighbors to tell the real story about coal. Every company must provide its employees with the real, true facts about clean, low-cost coal fired electricity so they can become effective ambassadors of coal and get involved in the political process.

Coal News: *What would you like your biggest contribution at North American Coal to be for you to be remembered?*

Bob Benson: As I previously mentioned, the company celebrated its 100th anniversary last year and I have been here for 38 of those years. North American is a company that allows you to do your job, encourages innovation and has been a great employer to several generations. I want to leave the company well positioned for its next century of operations and several generations of employees. We have several long-term contracts in place but I would like to see more. The big challenge is trying to preserve the coal industry and bring some sort of common sense to the regulatory process. I guess simply said it is growing the company and coal industry and preserving these good jobs for our grandchildren and great-grandchildren.

Coal News: *How do you see the future of coal both here and around the world?*

Bob Benson: The power plants in the United States have reduced emissions by 90 percent: coal has historically been the most stable priced fuel for years: and the world, especially the United States has vast reserves of coal. If you truly want to do something for humanity, you should work hard to provide everyone on the planet with affordable electricity, a requirement for a humane standard of living and a major component of health care costs. I think coal is going to have more than its share of challenges for a few more years before people realize logic and common sense must enter into a worldwide energy policy. I am not saying coal is the only answer, but it is a vital component of the energy mix. It is time that the providers of all forms of energy start working together. There is no single form of energy that can fuel the world's economic engine. Coal is being attacked today, which one will be next? In the end, coal will survive, but the road will be rough. Real science must prevail.

Coal News: *Bob, thank you very much indeed for talking to us.*

Bob Benson: I think this is the best tool we have, and we are beginning to make progress, but have a long way to go. As I travel across the country, I am amazed at how few people realize that electricity doesn't come from the light