



## 2018 ILB coal production nearly 4 mmt higher than 2017

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Buoyed by stronger exports, year-end 2018 Illinois Basin (ILB) coal production topped out at 107.2 million tons (mmt), which were nearly 4.0 mmt higher than what was produced in 2017 and 8.7 mmt higher than what was produced in 2016. Q4 2018 production was at 109 mmt annualized - the highest level since Q1 2017.

Higher exports were offset by coal-plant closures representing about 4.0 mmt of lost ILB coal demand in 2017/2018. Higher gas prices allowed the operating plants to dispatch at higher rates during 2018. In turn, higher API2 prices (for export) and higher natural gas prices allowed ILB spot coal prices to increase by more than \$15/ton to \$45-\$50/ton fob mine.

The following table shows ILB coal production for the period 2014 to 2018.

Illinois Basin Coal Production													
2014-2018 (Millions of tons)													
Producing State	2014 Total	2015 Total	2016 Total	2017 Production					2018 Production				
				Q1	Q2	Q3	Q4	2017 Total	Q1	Q2	Q3	Q4	2018 Total
Illinois	58.1	55.2	43.6	12.7	12.8	11.4	11.5	48.3	12.6	12.2	12.4	12.3	49.5
Indiana	38.9	33.9	29.0	8.4	7.5	7.8	7.6	31.3	8.5	8.9	8.4	9.2	35.0
West Kentucky	39.9	33.5	25.9	6.8	6.0	5.6	5.3	23.7	5.8	5.6	5.6	5.7	22.7
<b>Totals</b>	<b>136.9</b>	<b>122.6</b>	<b>98.5</b>	<b>27.8</b>	<b>26.2</b>	<b>24.8</b>	<b>24.4</b>	<b>103.3</b>	<b>26.9</b>	<b>26.7</b>	<b>26.5</b>	<b>27.2</b>	<b>107.2</b>
<b>Annualized Totals</b>	<b>136.9</b>	<b>122.6</b>	<b>98.5</b>	<b>111</b>	<b>105</b>	<b>99</b>	<b>98</b>	<b>103.3</b>	<b>108</b>	<b>107</b>	<b>106</b>	<b>109</b>	<b>107.2</b>

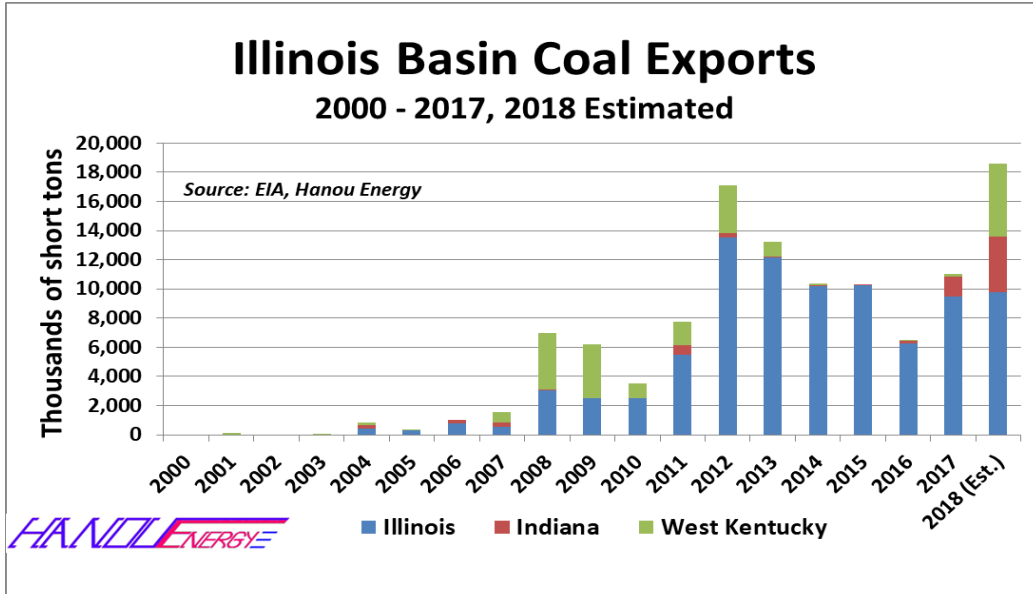
Source: MSHA, Hanou Energy Consulting, LLC



The major reason for the production increase since 2016 is higher export demand. According to the U.S. Energy Information Administration (EIA), 2016 ILB coal exports were 6.5 mmt, increasing to 11 mmt in 2017. Hanou Energy's research indicates ILB coal exports will exceed 18 mmt in 2018 – more than 11 mmt higher than 2016.

The following table shows ILB coal exports since 2000.





### Top ILB Coal Producers

During 2018 Alliance controlled 28% of the market with 29.9 mmt produced, followed by Murray Energy/Foresight/KenAm/Armstrong with 28.6 mmt or 27% of the market. Peabody was a distant third with 18.6 mmt produced or 17% of the market.

Hallador and White Stallion were neck-to-neck for fourth place production with Hallador with the slight advantage. Both companies had around 7% of the market each.

The following table shows the top ILB coal producers during 2018:

2018 Illinois Basin Production By Company (Millions of tons)		
Company	Total	Percent
Alliance	29.9	28%
Murray (KenAm, Foresight, Armstrong)	28.6	27%
Peabody	18.6	17%
Hallador/Sunrise	7.6	7%
White Stallion (Vigo, E. Rvr, Solar)	7.6	7%
Arch/Knight Hawk/ICG	6.7	6%
Prairie State	6.3	6%
Royal/Rhino	1.3	1%
WKY Minerals	0.3	0.2%
Sun Energy	0.2	0.1%
Other	0.11	0.1%
<b>Total</b>	<b>107.2</b>	<b>100%</b>

## Top ILB Coal Mines

The largest mine in the ILB in 2018 was Murray/Foresight's Sugar Camp 1&2 longwall mine complex in Illinois which produced 14.4 mmt. Alliance's River View CM mine in WKY was second at 9.8 mmt followed by its Gibson South CM mine in Indiana at 7.0 mmt. These two mines are closely followed by Murray/Foresight/Williamson's Pond Creek/Mach LW mine and Peabody's Bear Run surface mine, both at 6.9 mmt.

The following are the largest ILB coal mines during 2018:

2018 Largest Illinois Basin Coal Mines by Company and Mine					
Mine State	Parent/Operator	Mine Name	Status	Mine Type	2018 Production (mmt)
IL	Murray/Foresight-S. Camp	Sugar Camp 1 & 2 (MC-1 & 2)	A	U-LW	14.4
WKY	Alliance/River View	River View	A	U-CM	9.8
IN	Alliance/Gibson Cty	Gibson South	A	U-CM	7.0
IL	Murray/Foresight/Williamson	Pond Creek (Mach #1)	A	U-LW	6.9
IN	Peabody/MW Mining	Bear Run	A	S-DL	6.9
IL	Prairie State	Lively Grove	A	U-CM	6.3
IL	Alliance/Hamilton	Mine No. 1 (White Oak)	A	U-LW	6.3
IN	Hallador/Sunrise	Oaktown Fuels Mine No 1	A	U-CM	4.1
IL	Arch/Knight Hawk	Prairie Eagle UG	A	U-CM	3.9
WKY	Alliance/Warrior	Cardinal #2	A	U-CM	3.5
IL	Peabody/Gateway	Gateway North	A	U-CM	3.1
IN	Hallador/Sunrise	Oaktown Fuels Mine No 2	A	U-CM	2.9
IN	Peabody/MW Mining	Wild Boar (Eby)	A	S	2.6
WKY	Alliance/Webster Cty	Dotiki	A	U-CM	2.5
WKY	Murray/WKY Res. (Armstrong)	Genesis (Kronos UG)	A	U-CM	2.4
IN	Peabody/MW Mining	Francisco Mine - UG Pit	A	U-CM	2.1
IN	Peabody/MW Mining	Somerville Central (No. 1)	A	S-DL	2.0
IL	Murray/Foresight-Macoupin	Shay No. 1	A	U-CM	1.9
IL	Arch/ICG	Viper	A	U-CM	1.7
WKY	Murray/M_berg Cty (Armstrong)	Pride (Survant)	A	U-CM	1.5
IN	White Stallion/Solar	Shamrock	A	S	1.4
IN	White Stallion/Solar	Antioch	A	S	1.4
IN	White Stallion/Vigo	Liberty	A	S	1.3
IL	Peabody/MW Mining	Wildcat Hills Underground	A	U-CM	1.3
WKY	Royal/Rhino	Riveredge	A	U-CM	1.3
WKY	Murray/KenAm	Paradise #9	A	U-CM	1.1
IL	White Stallion/Vigo	Friendsville	A	S	1.0
IL	White Stallion/Eagle Rvr.	Eagle River - Mine No. 1	A	S	1.0
IN	Alliance/Gibson Cty	Gibson North	A	U-CM	0.9
IN	White Stallion/Solar	Cannelburg	A	S	0.8
					<b>103.3</b>
	Other (24 mines)	Other (24 mines)	NA	NA	4.0
					<b>107.2</b>



If one combines Hallador/Sunrise’s Oaktown No. 1&2 mines, these two mines would have come in 4th place at 7.0 mmt in 2019. The complex could have been the 3rd largest but the company was forced to reopen its idled Carlisle mine to retain some coal leases that required attention or they would lapse. As a result the company moved a CM production unit from its Oaktown No. 1 mine during Q3 2018 and reopened its Carlisle mine about 10 miles to the north.

### What’s happening in 2019?


Based on my research of what the various ILB coal producers plan to do in 2019, total ILB coal production is projected to be nearly 7.0 mmt higher than what was produced in 2018. Most of the planned expansion will take place during the 2<sup>nd</sup> half of 2019.

Keep in mind all of this new production is market dependent.

The following shows ILB planned production by mine state for 2019:

Illinois Basin Coal Production						
2014-2018, 2019 Proj. (Millions of tons)						
Producing State	2014	2015	2016	2017	2018	Projected 2019
Illinois	58.1	55.2	43.6	48.3	49.5	50.8
Indiana	38.9	33.9	29.0	31.3	35.0	39.3
West Kentucky	39.9	33.5	25.9	23.7	22.7	24.0
<b>Totals</b>	<b>136.9</b>	<b>122.6</b>	<b>98.5</b>	<b>103.3</b>	<b>107.2</b>	<b>114.1</b>

Source: MSHA, Hanou Energy Consulting, LLC



### The Bottom Line – Consider Purchasing Hanou Energy Research!

Want to know the details of our Illinois Basin coal supply, demand and price projections for 2019 and beyond? Please consider buying our ILB studies, the most comprehensive and accurate studies on the ILB available. The studies, which are currently being updated, are priced at \$10,000. For more information please visit “Services” under [www.hanouenergy.com](http://www.hanouenergy.com) or:

[http://hanouenergy.com/services/illinois\\_basin\\_coal\\_supply\\_study\\_2019-2028](http://hanouenergy.com/services/illinois_basin_coal_supply_study_2019-2028)

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Don’t forget to look at our updated 2019 ILB Coal Control Map!

[http://hanouenergy.com/services/2019\\_illinois\\_basin\\_coal\\_control\\_map](http://hanouenergy.com/services/2019_illinois_basin_coal_control_map)

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