Consol Energy cuts 470 workers

Coal and gas layoffs mount as prices continue to fall

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Thousands of coal miners and well drillers are losing their jobs as layoffs sweep throughout the coal and natural gas industries, due to the continued price slump caused by weak global demand and overproduction.

Consol Energy, based in Pittsburgh, Pennsylvania, is the latest, announcing on Tuesday that it was laying off 470 workers, more than 10 percent of its workforce at its coal mines in Pennsylvania and in its gas drilling operations throughout the region.

A spokesperson for the energy giant said that 180 coal miners will lose their jobs, while another 290 workers will be laid off from the company's gas drilling and operations division. This past April, the company had already laid off 165 workers.

Last month, Consol announced that it was eliminating health benefits for 4,400 retired workers at the end of this year, and that it would no longer provide health benefits to its active workers when they retire.

In 2013, as part of a move into natural gas production, Consol sold five of its coal mines to Ohio-based Murray Energy. Consol, along with many other companies, invested heavily in natural gas. In total, tens of thousands of new wells were drilled in Pennsylvania, West Virginia and Ohio, leading in part to the glut in natural gas.

In May, Murray announced that it was laying off over 1,417 miners at its mines in West Virginia, Ohio and Illinois. Among the layoffs, the company plans to cut 588 coal miners at the former Consol Blacksville mine in Monongalia County. The company also plans to lay off 162 workers in Illinois and 249 in Ohio.

Before the layoffs, Murray employed 7,500 workers and was the country's fifth largest producer of coal.

So far this year, coal production is down eight percent from this time last year, and prices are down over 30 percent from their high four years ago.

Natural gas prices are also down 40 percent from last year, which is making drilling in the Marcellus shale, spanning from West Virginia and Pennsylvania to upstate New York, unprofitable. Drillers in the Ohio Utica shale have also taken a big hit.

In the past year, over a dozen coal and gas companies have announced layoffs. In addition to the layoffs at Consol and Murray, this past June Peabody Energy announced the layoffs of 250 workers in its support operations.

Earlier this month, Alpha Natural Resources announced that it was selling some of its coal mines in Virginia and Kentucky, along with the layoffs of 292 coal miners. Another 180 miners will lose their jobs at two mines and two processing plants in Virginia, and 111 workers will lose their jobs in eastern Kentucky. In May, Alpha idled another mine in West Virginia, cutting 439 jobs.

The *Wall Street Journal* is reporting that Alpha could be filing for bankruptcy as early as next month, threatening thousands of more jobs as well as the health and pensions of many thousands of retired workers. In May, Patriot coal went bankrupt for the second time in three years.

On Wednesday, Alabama-based Walter Energy filed for bankruptcy. The company cited the drop in the price for metallurgical coal used in the steelmaking process as the main reason. Metallurgical coal is selling for under $100 per ton today, compared to over $330 per ton just three years ago.

As many as 390 miners could lose their jobs in the Walter Energy bankruptcy, and retired workers could lose their health care and other benefits.

Since 2011, Kentucky has lost the greatest number of mining jobs, falling from 18,000 coal miners to less than 10,400. West Virginia has lost 6,700 mining jobs in coal during the same period. The devastation has been especially hard in regions where mining is concentrated, as an additional three to 11 jobs are lost for every job lost in mining itself.

Nationwide, the number of coal miners has fallen from about 92,000 in 2011 to just over 70,000 today. While employment has been cut by 24 percent, production is down only 15 percent, from about 280 million tons in the last quarter of 2011 to 240 million tons in the first quarter of 2015, meaning that miners remaining on the job are being forced to produce more than ever.

Underscoring the type of speedup facing coal miners, some mines have increased production quotas while cutting jobs. Consol's Bailey mine, south of Pittsburgh, has cut 400 jobs—over a third of its workforce—while increasing output by 400,000 tons over the past year. Bailey is the largest underground mining complex in North America.

This push for higher production with fewer workers will undoubtedly lead to another series of deadly mining accidents, such as the Upper Big Branch and Sago mine disasters in 2005 and 2010.

The cuts in mining jobs have been mirrored in natural gas and oil drilling. The *Wall Street Journal* reports that over 100,000 layoffs have taken place in the industry. Schlumberger, described as the world's largest driller and provider of oil and gas services, announced in April that it was laying off an additional 11,000 workers, on top of the 9,000 layoffs the company had previously announced.

Halliburton, another giant driller and well servicer, has cut over 9,000 jobs over the past year and is expected to cut another 10,000 jobs as it moves forward with the merger with Baker Hughes.

Railroads are also carrying through layoffs, citing the drop in the transportation of coal and oil.

Coal executives and politicians in the coal producing regions like to blame tighter pollution standards for the shift from coal to natural gas by many electric utilities, but that does not explain the fall in natural gas prices. In fact, the fall in both coal and natural gas prices is the product of the continued global slump and the vast overproduction of gas drilling.