



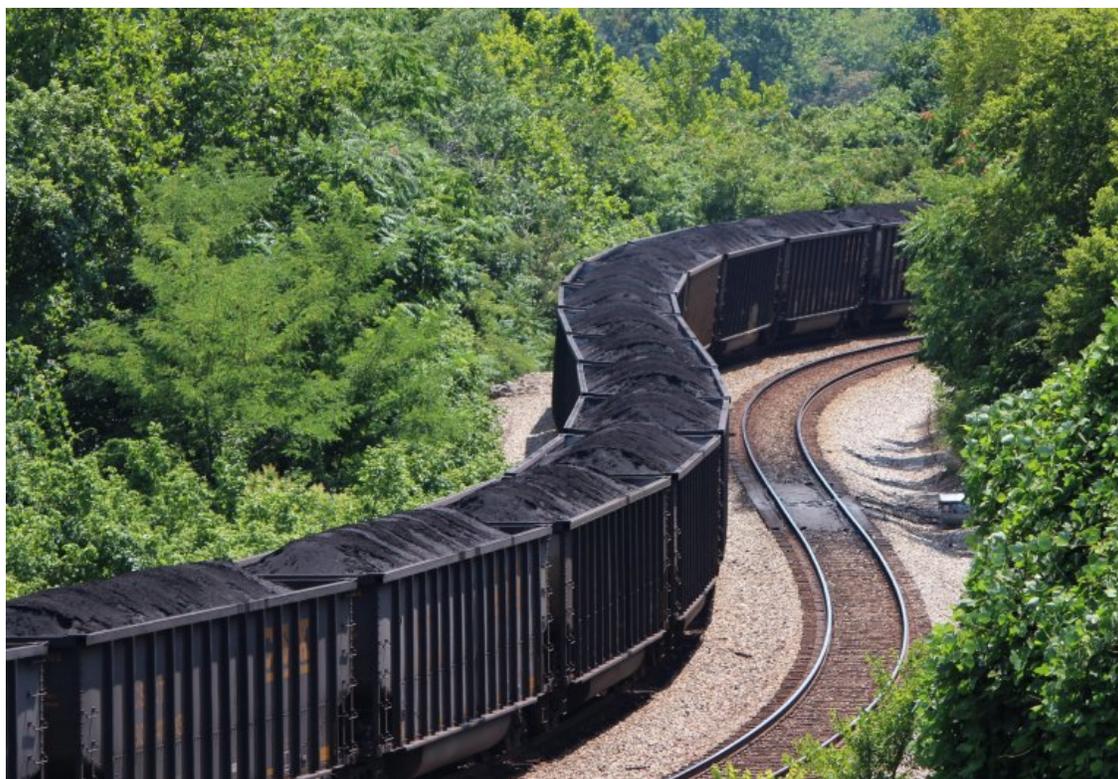
ENERGY + ENVIRONMENT

FROM THE BULLETIN

Quick hits on news & commentary

Mining company bankruptcy stills 10 mines in southwest Virginia

By Sarah Vogelsong - July 3, 2019



A CSX train carrying a load of coal stops near the James River in Richmond in July 2019. (Sarah Vogelsong/Virginia Mercury)

The owner of 10 mining facilities in southwestern Virginia filed for bankruptcy this week, potentially dealing another blow to the state's shrinking coal mining industry.

On July 1, West Virginia-based Blackjewel, LLC, along with its affiliated holding and management companies, filed for Chapter 11 bankruptcy in the U.S. Bankruptcy Court for the Southern District of West Virginia, citing declining demand for coal and liquidity problems.

The companies, which in 2018 reported 484 employees in Virginia, have apparently told their workers to go home, said Virginia Department of Minerals, Mines and Energy public relations manager Tarah Kesterton.

“They haven’t said whether it’s a layoff or a closing at this point,” Kesterton said.

Blackjewel’s Virginia mining facilities are in Wise, Lee, Tazewell and Russell counties. The [U.S. Energy Information Administration listed the company](#), which also operates mines in Wyoming, West Virginia and Kentucky, as the fourth-largest coal producer in the United States in 2017.

In court filings, Blackjewel CEO and president Jeff Hoops described the “intense pressure” faced by the coal industry as a result of natural gas, the rise of renewable energy and increased regulatory scrutiny of coal-fired plants.

“The entire U.S. mining complex has been impacted by these events,” Hoops wrote. “A growing number of peers have filed for bankruptcy over the course of the past 5+ years. The entire industry either has gone through, or is currently going through, a period of financial distress and reorganization.”

Other factors cited by Hoops as contributing to the bankruptcy declaration include changes to Kentucky’s workers’ compensation laws that he said cost the company \$20 million and revenue losses caused by the shutdown of the Lone Mountain mining complex, which straddles the Virginia-Kentucky line, following a major roof collapse in November 2017.

The largest debt listed in the company’s bankruptcy filing is over \$60 million in natural resources royalties owed to the U.S. Department of the Interior.

Debts also include \$1.6 million to the Virginia Department of Taxation and \$6.1 million to Virginia-based United Industrial Services, Inc.

Under Chapter 11 bankruptcy, Blackjewel would be able to reorganize and restructure its debts with the intent of continuing operations.

On Tuesday, the [Associated Press reported](#) a statement from Hoops that the company is “confident that this restructuring will solidify Blackjewel’s position as a significant participant in the coal market.”

[Previous article](#)

[The 8 bills Northam wants passed in the special session](#)

[Next article](#)

[Va. senator calls rape victims ‘naive’ and critics ‘trolls’](#)

Sarah Vogelsong

Sarah covers environment and energy for the Mercury. Originally from McLean, she has spent over a decade in journalism and academic publishing. Most recently she covered environmental issues in Central Virginia for Chesapeake Bay Journal, and she has also written for the Progress-Index, the Caroline Progress, and multiple regional publications.

In 2017, she was honored as one of Gatehouse's Feature Writers of the Year, and she has been the recipient of numerous awards from the Virginia Press Association. She is a graduate of the College of William & Mary. Contact her at svogelsong@viriniamercury.com

The Virginia Mercury

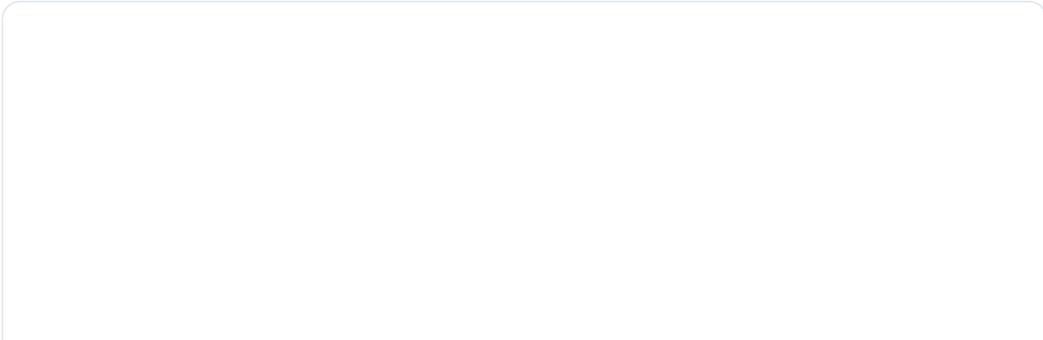
A Twitter list by [@MercuryVirginia](#)

Graham Moomaw Retweeted



The Wall Street Journal
[@WSJ](#)

Suspected white supremacists arrested this week discussed opening fire at a planned pro-gun rally in Virginia, hoping to cause chaos, officials say [on.wsj.com/30tWXoy](https://www.wsj.com/30tWXoy)



ABOUT US

From the push to remove Confederate statues to big shifts in healthcare and energy policy, the Old Dominion is changing; fair and tough reporting on the policy and politics that affect all of us as Virginians is more important than ever. The Mercury aims to bring a fresh perspective to coverage of the state's biggest issues.

FOLLOW US



© Virginia Mercury 2020 All Rights Reserved

Neither unemployed nor allowed to work: Virginia's Blackjewel miners look for relief

By Sarah Vogelsong - July 8, 2019



The Osaka mine near Appalachia, Va., owned by Blackjewel, LLC, which filed for bankruptcy July 1. (Sarah Vogelsong/Virginia Mercury)

WISE — One week after the nation's sixth-largest coal producer [filed for bankruptcy](#), the almost 500 Virginia miners sent home from work and deprived of their last paychecks still have no answers — and no relief.

Information comes only through social media, say miners from Blackjewel, LLC's 10 Virginia facilities. Their last paychecks, issued June 28, were abruptly clawed back after Blackjewel filed for Chapter 11 bankruptcy July 1, leaving many with no money, piles of overdraft charges and the pending cancellation of their health insurance.

At the same time, the Blackjewel miners have found themselves in a position they say they've never encountered: the mines are closed, but the miners haven't been laid off. Several workers at the D-17 mine in Jewell Ridge said that a superintendent told them that "maybe in a week" work might resume. But in the meantime, since they technically are still employed, they can't file for unemployment.

"I don't know how I'm going to feed my family," said Josiah Williamson, 33. Williamson, who has worked at D-17 for about a year but has been in the mining business for a decade, has an 8-year-old daughter and said that his bank told him that he needs to come up with \$2,100 for his paycheck that bounced by Friday.

He doesn't have it. And right now, he doesn't have any way of getting it.

"Everyone we know is broke right now," said Colten Allison, 30, a section foreman at D-17.

In other states, Blackjewel miners have gotten some relief. The company's roughly 600 Wyoming workers were paid through June 29 after former Blackjewel CEO Jeffrey Hoops, who has since been forced to resign, flew more than 700 cashier's checks to the state to cover their payroll.

The eastern division — which includes 1,100 workers in Virginia, Kentucky and West Virginia — was not so lucky. Payroll checks for these employees are still outstanding, Blackjewel admitted in a July 5 employee update.

"Payment of these checks is dependent on the company's ability to obtain additional financing that will allow normal operations to resume," the memo declared. Until then, "those employees who have not yet resumed work will need to wait to be recalled to work for their checks to be paid."

With no resolution in sight, Kentucky has taken action to offer its miners relief. On July 5, Attorney General Andy Beshear announced he was opening an investigation into what he called "[numerous troubling complaints](#) related to the Blackjewel mining company." In the meantime, Harlan County Judge-Executive Dan Mosley on July 8 began providing Kentucky Blackjewel miners a letter on his official letterhead that outlines the situation and asks creditors to extend debt payments and waive any penalties or fees associated with late payments.

"It doesn't mean they will but it will provide you a tool to validate to creditors what is going on right now in your life," Mosley stated in [a Facebook post](#).

But while Virginia miners comprise more than 40 percent of the eastern division — the state's Department of Mines, Minerals and Energy recorded 484 Blackjewel employees in 2018 — state officials have remained largely silent.

In response to inquiries, Michael Kelly, communications director for Virginia Attorney General Mark Herring, said the office was "aware of the reports" and was monitoring the situation "for potential impact on Virginia and Virginia miners."

Del. Terry Kilgore, R-Scott, whose district includes some of the affected miners, in a Facebook post recommended that Virginia workers file a complaint with the state Department of Labor and Industry and said that the Virginia Employment Commission was convening a rapid-response team to address the issue.

Kilgore's office did not respond to multiple requests for comment.

It's not unusual for this remote portion of southwestern Virginia, a six-hour drive from Richmond, to feel isolated from the state capital. Locals in Big Stone Gap in Wise County proudly tell visitors to the town that [they are closer to eight other states' capitals than Virginia's](#). And miners, said Rufus "Jolo" Jewell, 48, an electrician and belt examiner at D-17 and a 22-year veteran of the industry, are accustomed to weathering the boom and bust typical of the coal business.

But the Blackjewel case, the D-17 miners agreed, is different. In most cases of Chapter 11 bankruptcy, under which a company reorganizes and restructures its debt while continuing to operate, the workers "keep on trucking," said Allison.

Blackjewel hasn't. On July 3, a judge in the federal Bankruptcy Court for the Southern District of West Virginia [denied the company's petition](#) for a \$20 million financing agreement, later agreeing to a reduced \$5 million loan that would help keep Blackjewel temporarily afloat. One condition of that loan was that Hoops step down.

As the southwestern Virginia miners wait to see whether the company will survive or whether its mines will close, stilled until yet another owner comes along, most are looking for a new job to avoid foreclosure and repossession.

Some mines in the region are still hiring, largely thanks to a surge in demand for metallurgical coal, which is used in steelmaking.

But there aren't anywhere close to 484 open positions in a state where coal employment has plummeted from more than 11,000 three decades ago to just shy of 3,000 in 2018. Despite the metallurgical coal spike, market forces that encourage the development of natural gas and renewables as energy sources while also increasing regulatory burdens on increasingly mechanized coal mines [have stacked the deck](#) against another long-lasting resurgence of the industry.

Those miners who can't find jobs, said Jewell, are likely to leave for neighboring West Virginia and Kentucky. He wouldn't blame them.

"Somebody," he said, "should have stepped up for us."

CORRECTION: Blackjewel is the nation's sixth-largest coal producer, [according to federal data from 2017](#). The company's ranking among coal producers was incorrect in an earlier version of this article.

Sarah Vogelsong

Sarah covers environment and energy for the Mercury. Originally from McLean, she has spent over a decade in journalism and academic publishing. Most recently she covered environmental issues in Central Virginia for Chesapeake Bay Journal, and she has also written for the Progress-Index, the Caroline Progress, and multiple regional publications. In 2017, she was honored as one of Gatehouse's Feature Writers of the Year, and she has been the recipient of

numerous awards from the Virginia Press Association. She is a graduate of the College of William & Mary. Contact her at svogelsong@viriniamercury.com

In Virginia, observers saw warning signs for Blackjewel collapse, but what comes next is unclear

By Sarah Vogelsong - July 9, 2019



A Blackjewel mine near Appalachia, Va. (Sarah Vogelsong/ Virginia Mercury)

NORTON — Despite its characterization of its Chapter 11 filing for bankruptcy as a surprise, major U.S. coal producer Blackjewel, LLC, showed signs of being in trouble for months prior, some Virginia miners and observers said.

According to a [July 5 update from the company](#) to its employees, “unexpected disputes” between Blackjewel and investment firm Riverstone Credit Partners caused the latter on June 26 to retract an earlier offer to extend the deadline for a \$28 million loan it had previously made to Blackjewel.

“This unexpected lack of funds and the inability to ensure payment to employees are also the reasons behind the unexpected suspension of operations on Monday afternoon,” the memo read.

But court filings documenting an ongoing liquidity crisis and anticipated falling demand for coal, coupled with the quiet transfer of mining permits from affiliate Revelation Energy to Blackjewel in fall 2018 and what some Virginia miners say was a pattern of increasingly constricted resources show that the business was on shaky ground long before the bankruptcy filing.

“I could see it coming,” said Rufus “Jolo” Jewell, a miner at Blackjewel’s D-17 mine in Jewell Ridge, Va. “Even Ray Charles could see something was going to have to give.”

On the ground, miners at the D-17 site, which turns out the high-quality metallurgical coal responsible for Virginia’s small surge in coal production since 2017, said that for at least the past year, Blackjewel had been skimping on its equipment repairs, either allowing equipment to stand idle, borrowing parts from other companies or relying on short-term fixes.

Several weeks before the bankruptcy, those miners said, rumors began circulating at D-17 that the company was going to file for bankruptcy. But shortly after they began, a foreman convened the day shift and denied the reports.

Erin Savage, the Central Appalachian program manager for environmental advocacy group Appalachian Voices, which maintains a Wise County office, said she saw trouble coming beginning in fall 2018. That October, Revelation Energy, an affiliate of Blackjewel that also filed for Chapter 11 bankruptcy July 1, began quietly transferring a number of its Virginia mining permits to Blackjewel, in a sign that it may have been thinking of dividing up its assets between the two.

“When we see companies transferring permits within their own network of subsidiaries, that’s usually a good indicator,” said Savage.

The transfers occurred more than a year after a July 2017 “strategic restructuring” of Revelation/Blackjewel, in which Blackjewel purchased most of Revelation’s equipment and rights to mine properties in exchange for taking on the obligations of reclaiming the sites after mining was complete. (Both Revelation and Blackjewel were headed by Jeffrey Hoops, who was forced to step down as a condition of Blackjewel, [one of the nation’s largest coal producers](#), receiving a \$5 million loan to remain afloat during the bankruptcy proceedings.)

Hoops’ own declaration to the bankruptcy court chronicles regular problems keeping Blackjewel’s 32 mining properties in Virginia, Kentucky, West Virginia and Wyoming profitable. Besides citing “intense pressure” resulting from a declining coal market and an industry-wide “period of financial distress and reorganization,” the former CEO’s statement highlights persistent struggles to maintain liquidity, the ability of a company to cover its immediate and short-term obligations.

Those challenges, said Hoops, date “back as far as 2014.” As part of a solution to this “liquidity crisis,” he told the court that he personally extended an “unsecured and undocumented revolving line of credit” to Blackjewel that at the time of bankruptcy had an outstanding balance of \$11 million. This occurred, the [environmental nonprofit Sightline Institute noted](#), despite the fact that the loans “violated the company’s credit agreements” with Riverstone.

Still, while miners and others may have sensed rough water ahead, few expected the present dilemma. As long as there have been coal producers, they have been filing for bankruptcy.

What's different in the Blackjewel case is the nature of that bankruptcy. In recent years, [all of the nation's highest-profile bankruptcies](#) — including those of Alpha Natural Resources and Arch Coal — have been Chapter 11 filings, which allow the company to reorganize and keep operating rather than liquidate its assets.

But if Blackjewel can't obtain additional outside financing, liquidation will be the only option remaining. If that is the ultimate outcome, it may prove a watershed moment in the steady decline of coal as an energy source, both nationwide and in the region of Virginia that grew out of its abundance but has also suffered the commensurate decline in the industry.

Nearly 500 Virginia mine employees are stuck in limbo, not working but also not laid off. Since they technically are still employed, they can't file for unemployment.

Sarah Vogelsong

Sarah covers environment and energy for the Mercury. Originally from McLean, she has spent over a decade in journalism and academic publishing. Most recently she covered environmental issues in Central Virginia for Chesapeake Bay Journal, and she has also written for the Progress-Index, the Caroline Progress, and multiple regional publications.

In 2017, she was honored as one of Gatehouse's Feature Writers of the Year, and she has been the recipient of numerous awards from the Virginia Press Association. She is a graduate of the College of William & Mary. Contact her at svogelsong@virginiamercury.com



ENERGY + ENVIRONMENT

FROM THE BULLETIN

Quick hits on news & commentary

AGs call on federal officials to secure wage payments for Blackjewel miners

By Sarah Vogelsong - July 16, 2019



A Blackjewel mine near Appalachia, Va. (Sarah Vogelsong/ Virginia Mercury)

The attorneys general of Virginia and Kentucky today appealed to the federal Office of the U.S. Trustee to force the payment of clawed-back wages owed to hundreds of miners employed by Blackjewel, LLC, which declared bankruptcy July 1.

The [strongly worded July 16 letter](#) from Virginia Attorney General Mark Herring and Kentucky Attorney General Andy Beshear highlights the “real, concrete, and ongoing harm” suffered by about 480 Virginia and 600 Kentucky miners who [have](#)

been deprived of weeks of wages but not formally laid off as Blackjewel struggles to find financing in order to reorganize.

“Our Virginia and Kentucky families are in desperate need of their earned income now,” Herring and Beshear wrote. “In fact ... they desperately needed that income on the days when their paychecks ought to have been deposited.”

The [Office of the U.S. Trustee](#) sits within the U.S. Department of Justice and is responsible for monitoring parties involved in bankruptcies and ensuring their compliance with bankruptcy law “to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public.”

The last paychecks Virginia miners received were issued June 28 but were withdrawn from miners’ accounts after news of the West Virginia-based mining company’s bankruptcy filing broke.

While Blackjewel flew cashier’s checks out to its workers in its massive Wyoming mines, its Virginia, Kentucky and West Virginia employees were told that they would not be paid until additional financing was secured.

Herring and Beshear sharply criticized Blackjewel’s conduct over the course of its bankruptcy, writing that “despite knowing for years of its precarious financial situation,” the company “did nothing to prepare itself or its workforce.”

They further condemned reports that Blackjewel has been “attempting to lure a subset of workers back to the company with the promise of making those workers whole on their back payments,” a move that the attorneys general called “untenable.”

“[Blackjewel] is not exercising valid business judgment by picking and choosing which stiffed miners it will deign to make whole at this time,” Herring and Beshear wrote. “All workers who have labored for the company and are owed back wages should be made whole. And they should be made whole immediately.”

[Previous article](#)

Charlottesville judge sentences James Fields; Bedford woman accused of operating illegal medical facility in Uganda; Isle of Wight museum hosts a sleepover for stuffed animals and more headlines

[Next article](#)

Virginia plans two new cross-state bus lines, citing success of Blacksburg-D.C. route

Sarah Vogelsong

Sarah covers environment and energy for the Mercury. Originally from McLean, she has spent over a decade in journalism and academic publishing. Most recently she covered environmental issues in Central Virginia for Chesapeake Bay Journal, and she has also written for the Progress-Index, the Caroline Progress, and multiple regional publications.

In 2017, she was honored as one of Gatehouse's Feature Writers of the Year, and she has been the recipient of numerous awards from the Virginia Press Association. She is a graduate of the College of William & Mary. Contact her at svogelsong@virginiamercury.com

The Virginia Mercury

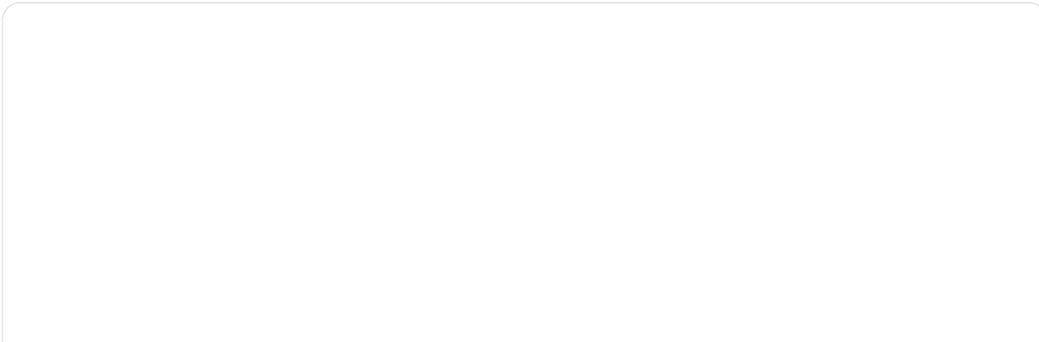
A Twitter list by [@MercuryVirginia](#)

Graham Moomaw Retweeted



The Wall Street Journal
[@WSJ](#)

Suspected white supremacists arrested this week discussed opening fire at a planned pro-gun rally in Virginia, hoping to cause chaos, officials say [on.wsj.com/30tWXoy](https://www.wsj.com/30tWXoy)



ABOUT US

From the push to remove Confederate statues to big shifts in healthcare and energy policy, the Old Dominion is changing; fair and tough reporting on the policy and politics that affect all of us as Virginians is more important than ever. The Mercury aims to bring a fresh perspective to coverage of the state's biggest issues.

FOLLOW US





ENERGY + ENVIRONMENT GOVERNMENT + POLITICS HOUSING, WORKING & BUSINESS

FROM THE BULLETIN

Quick hits on news & commentary

Northam announces assistance for locked-out Blackjewel miners

By Sarah Vogelsong - July 10, 2019



A Blackjewel mine near Appalachia, Va. (Sarah Vogelsong/ Virginia Mercury)

Gov. Ralph Northam on Wednesday [announced several relief efforts](#) to assist hundreds of Virginia miners affected by the July 1 bankruptcy of major U.S. coal producer Blackjewel, LLC, which operates 10 mines in the southwestern portion of the state.

Describing himself as “deeply concerned by the sudden closure of Blackjewel LLC and the significant impact it will have on over 450 hardworking Virginians and their

families,” Northam said that his administration will continue to “closely monitor the situation.”

The governor authorized Blackjewel employees to file for unemployment benefits and directed the Virginia Employment Commission to waive its standard week-long waiting period for those benefits. He also authorized overtime pay for Virginia Career Works representatives to help workers access job training programs and other employment opportunities.

Additional programs and informational sessions are expected to be announced over the next few days by the Virginia Employment Commission. On Tuesday, VEC Rapid Response State Coordinator Brett Tavel said that the commission was still “trying to figure out a plan of action” to address the “very sudden situation.”

Blackjewel’s July 1 filing for Chapter 11 bankruptcy and inability to keep operating after a bankruptcy court judge denied its petition to enter into a \$20 million financing agreement threw the company, the nation’s sixth-largest coal producer, into disarray. When it could not meet payroll, Blackjewel closed all of its mines and [sent its workers home but did not lay them off](#). In the bankruptcy’s aftermath, the company clawed back its workers’ last checks, leaving many in Virginia with no funds, significant overdraft charges and unable to file for unemployment.

UPDATE:

In a statement to the Mercury, Virginia Attorney General Mark Herring encouraged “any miners who have had problems involving Blackjewel—either with the company, or with the consequences of the withheld pay” to contact his office at mailoag@oag.state.va.us or 1-800-552-9963.

“It is outrageous that Blackjewel has yanked back so many paychecks and left so many of its employees in limbo,” Herring said. “These miners deserve the wages they earned and the company should also take care of any negative consequences like overdrafts or late fees. I will use any tool or legal resource at my disposal to make sure these folks get paid.”

[Previous article](#)

[Stunning Klan comment from Hanover supervisor; State board mum on pardon backlog; Staunton sells off Lee gear and more headlines](#)

[Next article](#)

[Loving a lack of unions; Fairfax says witness can corroborate claims; Arlington’s payroll system hacked; Wilder investigation concludes and more headlines](#)

Sarah Vogelsong

Sarah covers environment and energy for the Mercury. Originally from McLean, she has spent over a decade in journalism and academic publishing. Most recently she covered environmental issues in Central Virginia for Chesapeake Bay Journal, and she has also written for the Progress-Index, the Caroline Progress, and multiple regional publications.

In 2017, she was honored as one of Gatehouse's Feature Writers of the Year, and she has been the recipient of numerous awards from the Virginia Press Association. She is a graduate of the College of William & Mary. Contact her at svogelsong@virginiamercury.com

The Virginia Mercury

A Twitter list by [@MercuryVirginia](#)

Graham Moomaw Retweeted



Amy Friedenberger

[@AJFriedenberger](#)

Gun control groups have cancelled their event on Monday out of concern over risk of violence.

From [@CSGV](#) Virginia State Director Lori Haas:

With a heavy heart that I am announcing the cancellation of the annual Martin Luther King Day Vigil and Day of Advancement. We have chosen to cancel the event due to the ongoing, escalating threats to public safety that have been promoted and encouraged by extremist groups. The Virginia Center for Public Safety, the Virginia Center for Gun Violence Prevention, and the Educational Fund for Gun Violence Prevention have hosted this event for the last 28 years. We have faced armed individuals trying to intimidate

participating in the democratic process into a platform for political violence are trying to destroy our democracy. They refuse to accept the results of the 2019 election in Virginia — in which the people of the Commonwealth voted for stronger gun laws — and they are promoting the message that 'the people with the guns make the rules.' They have amplified and fanned the flames of insurrectionism and civil war in a way that is irresponsible and dangerous. Now, citizens who represent the overwhelming majority of Virginians are prevented from lobbying their officials because of credible threats to their safety. This is a full scale public safety. But the good news is that by the end of this legislative session, Virginia will be a safer place. The new gun

ABOUT US

From the push to remove Confederate statues to big shifts in healthcare and energy policy, the Old Dominion is changing; fair and tough reporting on the policy and politics that affect all of us as Virginians is more important than ever. The Mercury aims to bring a fresh perspective to coverage of the state's biggest issues.

FOLLOW US

