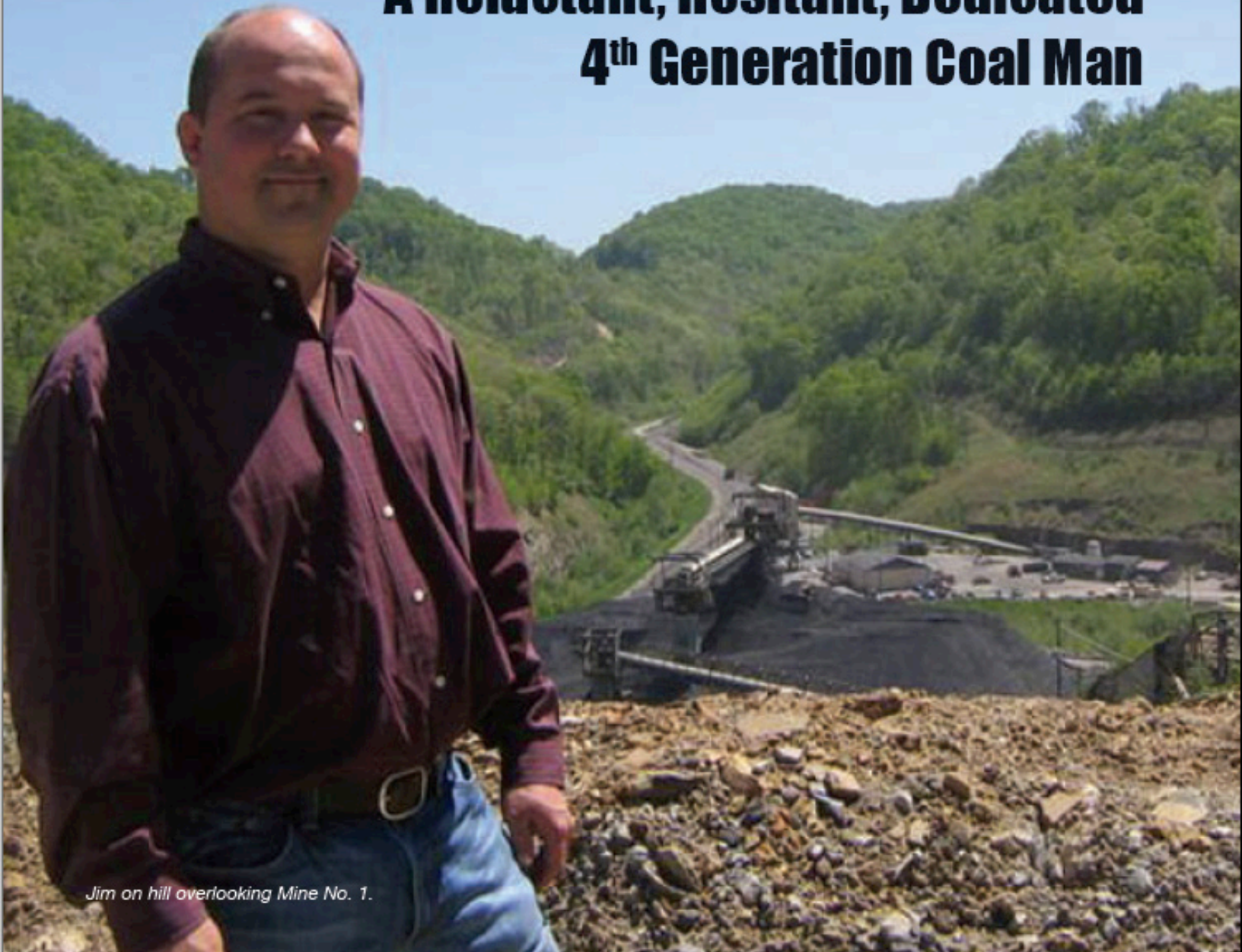


Jim Bunn II

by Art Sanda

A Reluctant, Hesitant, Dedicated 4th Generation Coal Man



Jim on hill overlooking Mine No. 1.

Reluctant at first, hesitant second, but eventually unable to resist the lure of the people and the industry, Jim Bunn, II is a fourth generation coal mining executive with deep feelings for coal mining, his coal mining family, and his own family.

“My Dad, Jim Bunn Sr., has been in this business forever, and he and his success in it gave me the opportunity to do my own thing, to spread my wings. Seven years ago, with help from Dad, Red Robertson, and Steve Carter, our partners in Illinois, I was able to lease coal properties from Penn Virginia Corp. after the previous operator had gone into Chapter 11 bankruptcy.

“When you think about it,” Jim offered, “Coal mines are a lot like golf courses:

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first guy in has it tough, the second has a shot at making it, and the third just might have a chance as he often times can pick up a piece of property for next to nothing, giving him more working capital.

“I don’t know if you could say we ‘turned it around’,” Jim offered, “we got a fantastic facility for pennies on the dollar and that makes it easier to survive. And, after seven years, we’re still here.

“There’s lots of reasons for that,” he continued, “foremost among them the great people we have—their level

continue



left to right, Jim Bunn II, Joe Bunn, Omer Bunn, Jim Bunn Sr., Ed Bunn, (dad’s brother) at Jim’s brothers law school graduation in May.

Blue Creek Processing Plant

Upriver from the West Virginia State Capitol, up Campbell’s Creek, is the Blue Creek Processing Plant, a 900-tph facility completed just last year to clean coal for a fee mined by Patriot Coal. The reverse of most operations, the mine is located at the foot of the ridge and plant was built on the top, taking advantage of existing surface permits. The plant processes coal mined there by Patriot Coal and ships via barge.

Fork Creek

Near Alum Creek, Coal River Energy operates three underground mines and a surface mine, all working nine-hour shifts—two production and one maintenance—with the crews changing out at the face. Coal is processed at the operation’s 1000-tph preparation plant.

Next to the existing mine office is an area staked out for construction of a new 3,000 sq-ft office building to accommodate the executive, purchasing, accounting, and engineering departments being relocated from downtown Charleston.

The deep mines are in the No. 2 Gas and Stockton Seams and the surface mine the Stockton, Coalburg, and No. 5 Block seams. All seams generally run on the edge of bank zone with seam heights running up to 6-6 ½ ft in No.2 Gas and up to 10 ft in Stockton.

The surface mine, Mine No. 5, spreads over 300 acres a top the No. 1 Mine, a slope mine first opened in May 2000. A second underground mine, Mine No. 3, is a drift mine with its coal belted off a bench for transport to the plant and a third mine, Mine No. 10, is under development, including construction of a new bathhouse. Mine No. 10 is a relatively long-life mine that will give access to and serve as the belt line for several future mines on the other side of the mountain. The underground mines are typical room and pillar operations utilizing JOY continuous miners and shuttle cars, Fletcher roof bolters, and Fairchild scoops. The surface mine—producing 55,000 tons a month, about

80 percent shipped raw—operates with a small fleet of 100-ton Cat 777 and 150-ton 785 haul trucks. Overburden is removed with a Hitachi EX 2500 shovel paired with the 785s, filling a truck in six passes, and the coal is loaded into the 777s with a Cat99G end-loader. A second surface mine, Mine No. 6, is also under development and will expand surface mining capacity to more than one million tons per year.

The operation’s refuse area—with one-foot lifts at 95 percent compaction—has a 15-year life while coal reserves extend for more than 80 years at current production rates. Water from the impoundment is pumped to the preparation plant in a closed loop system, providing up to 1,000 gallons a minute in make-up water.

Associated with the surface mine are portable crusher and screens used in combination with a Hitachi 1200 for quarrying stone used on the facility’s roadways.



left to right: Bill Reed (Fairchild service man), Ryan Browning (mine maintenance foreman), and Henry Trout (scoop operator) underground with a Fairchild 35C-WH2-30-AC Dual Tram Workhorse . Coal River Energy has recently purchased a second 35C-WH2-30-AC Dual Tram Workhorse Scoop

Bunn continued

of commitment is phenomenal—and that we were able to procure the lease at a reasonable price certainly helped, but there also has been the continued support and mentoring of my father, and all that he taught me about coal mining over the years.”

Jim noted that he has been in the mining business “his whole life,” starting at his Dad’s mines in Red Jacket, West Virginia, at age 14, “and then every summer right through college, doing anything and everything around a coal mine a teenager can do — pick slate, shovel, operate the broom — until he reaches legal age to go underground.

“Dad was trying hard to prep me for a mine engineering degree,” Jim recalled. “Underground, he had me working on the spad crew, mostly as the back sight man — meaning I was the least qualified guy on the survey crew, though I became quite familiar with the machinery helping to fix them when they broke down.”

After several years of that and some years of college, Jim said he decided not to pursue a career in coal mining, applying himself to several different jobs, mostly in construction. “During that time,” he said, “I attended Appalachian State University—among others, including Virginia Tech and Ithaca College in Upstate New York. Wherever you get your qualifying credits is where you get your degree, which in my case would be Appalachian State and the degree finance which, in today’s world, might be more applicable to running a mining company than would be a mining engineering degree. Certainly, some days I spend more time with those issues than any others.

“When I graduated college, there were several offers; the banking industry in Charlotte, NC, had hired just about all of my classmates, but Dad intervened; he told me he would better any offer I received by \$1,000. So I like to tell folks, for \$83 a month I threw away my degree in finance and came back to the coal industry as a prep plant manager for Kanawha Eagle Coal. But really, it was more the lure of the people, the lure of the business that brought me back.

“That was 1995, working under Bill Kilgore,” Jim said. “Over time I had learned enough to be promoted to general manager of Kanawha Eagle and, in 1998-99, I went to work for our affiliated sales company, Central Coal, and was able to try my hand at coal sales. From 2000 to 2003, before here, I had done all kinds of things working for Dad; there were a lot of investment opportunities out there, and I believe I had been in coal mines in every State in the Union that has them. There also were trips to Canada and a memorable one to China.



Jim with map of Coal River Energy’s Mine No. 3.

“How that came about,” Jim explained, “was that during that year, I was spending a lot of time in Illinois assisting Steve in getting that operation started. On a Sunday, Dad called and said there was something he wanted to talk over and to meet him at Marshall Miller’s office Tuesday. That ‘something’ turned out to be a coal mine in China.

“As we all talked, Dad said this seemed like an opportunity and he didn’t want to miss out, but he wanted someone to lay hands on it and Marshall said it just so happened that they had a group leaving for China Sunday. Dad immediately said: ‘I can’t go, but Jimmy can.’ At that time, Brooke and I had a six-month old baby at home, and there I am telling her I’d be leaving for China in five days.

I wound up spending two weeks in China,” Jim recalled, “and had some terrific experiences; some turned into investments, some didn’t, but I was able to see a lot. “

One of those that did turn into an investment was Asia-American Coal Co. “Dad served on their board of directors until, ultimately, all the American partners sold their interests to their Thai partner, a company that was transitioning itself from a tobacco company to a coal company. Today, I would guess Banpu is producing 7 to 8 million tpy at that operation; or more considering the passage of time and the investments they have made following the Asia-American buy-out.” Going from past to present, Jim noted both his parents currently were in China traveling the Old Silk Road to Turkey. “Mom’s ecstatic; Dad’s on another trip, probably looking for coal,” Jim said laughing, at which point the cell phone rang, the conversation ending with: “Things are going fine, Dad. Say hello to Mom.” They were in Armenia, he said.

By title, Jim is Member Manager of Coal River Energy and vice president of operations. “LLC’s have odd titles,” he explained, “and Dad doesn’t believe the president belongs in an office on the property. As far as he is concerned, you might be the top dog, you might be the only dog, but you won’t be the president.”

Two years ago, the company’s accounting and purchasing functions had been relocated from the mine site to downtown Charleston. Coal River Energy’s mining operations are but short drives from the current downtown office, twenty minutes to the southeast or 20 minutes to the west. “At the time, we thought engineering and myself would be better located here as well,” Jim recalled, “but it didn’t turn out that way; I still was spending more time at the operations than here, as was most of the engineering staff, so that’s where we’re going, to a new building now under construction at the mine.

“When we leased this property, there were only a few employees left, but a lot of good people who had worked here have returned. Maybe it was closer to home for them, maybe it was mines with which they were familiar, or maybe they thought we had a shot of making it all work. Whatever the reason, a lot of them decided to give it another try. At the same time,” he continued, “we also have hired a lot of red hats over the years, given them lots of training with a big emphasis on safety. We give our safety department virtually a free hand; we want things done right.

“I would guess at the time of shutdown there were maybe 180 employees, but that’s purely a guess. Today, we have 300 employees producing 2.5 million tpy from three deep mines and a surface mine, with a second surface mine and a deep mine under development, as well as a ‘tunnel mine’ going in that will punch through the hill for a belt line for future mines on the other side of the ridge. We’re going to be here for a very long time.”

Though raised in Grundy, Virginia, West Virginia is both home as well as Jim’s birthplace, having been born in Morgantown. “Dad had graduated from Morris Harvey College (now University of Charleston) and later had a mining operation at 20 Mile Creek. After a couple of years and having married my mother, he decided to get a mining engineering degree. While still attending West Virginia University and working for Consol, I came along in 1972.”

Jim said he has spent most of his working life in West Virginia, “with a lot of time in Illinois at Knight Hawk Coal with Steve Carter, our partner there and here. Spending all that time in Illinois really was not conducive to building a great relationship with my wife, but thank goodness she stuck with me.

“In 2003, Brooke and I moved to Charleston with our three children—Jack, now 15, and daughters Catherine, 10, and Claire, 8. Jack is really a ‘James Jack’,” Jim laughed. “With a ‘Jim’ as a father, and a ‘Jim’ as a grandfather, and an ‘Uncle Jim’ on his mother’s side, well James Omer Bunn III just became ‘Jack’.

“The ‘Omer’ in our names comes from my Pop Omer Bunn,” Jim explained, “who still is very much alive and still involved in the business; he’s at the office in Bristol every day. He’ll be 88 this June; definitely a model of how one should take care of himself; everything in moderation. In 2003, we lost my grandmother. I don’t know how long they were married, but I do know it was around WW II.

“My great grandfather, James Fry, at one time had operated mines on Camp Creek in Wayne County,” he continued. “One of the most satisfying days in my Dad’s life was when he was able, along with Buck Harless, to buy Exxon’s Wayne Mine located near those old operations, where Dad was born. That operation became Rocksprings Development and is now owned by Alpha.”

The family coal mining tradition, though somewhat differently, continues with Jim’s younger brother, Joseph Glen Bunn. “After college, Joe spent some time associated with the industry working for Norfolk Southern,” Jim said. “At 28, he decided he wanted to attend law school and he’ll be graduating from West Virginia University School of Law this year at age 30, taking a job with Forrest Jones, whom I consider the best coal specific transactional attorney around, as well as a great friend. It will be great having family here in Charleston.

“Dad, who now lives in Bristol, Virginia, remains very active in the industry both there and here. In fact, he’s chairman again this year of the West Virginia Coal Association — we tell him that’s because he’s the only one who will take the job — and I serve with him on the Association’s Board of Directors. We both also are very active in Friends of Coal, which I think is one of the best campaigns the industry ever has had; it still has a real-positive connotation, an awfully good way to give back and to have the industry represented.

“Yeah, Dad is a legend in the industry, though I don’t know about the lending story—that he’s been known to lend money to a struggling coal operator on no more than a handshake ‘because I know you’ll pay me back’. Never mind lending, we always seem to be borrowing,” Jim laughs. “But Dad does have a lot of admirable attributes, second to none; he knows how to treat people and it shows in the people who work for him. He’s appreciated.

“And he’s definitely an investor,” Jim added, “without which I certainly wouldn’t have been able to do this; he provided the contacts, the wherewithal to make it work. I guess I took my Dad’s reputation and name for granted over the years I’ve been in this business but, when you’re trying it for the first time on your own, it makes for a world of difference.

“As a coal executive, as an investor, but probably just as much as a dad, whether I want his input or not, I get it,” Jim said, smiling. “Though I have noticed, he’s not on-site as much as he used to be, hopefully that’s a credit to me. Still, he does love to work; he’ll always be involved, at least that’s my hope and prayer.”