

Mountain top removal coal mining United States

Sectors: Coal Mining

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By: BankTrack

Created before Nov 2016

Last update: Nov 30 2015

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Sector	Coal Mining
Location	 A map of the United States showing state boundaries and names. A red pin is placed in the Appalachian region, specifically over West Virginia. Major cities like Chicago, Toronto, and New York are labeled. The map is credited to Google and INEGI.

About Mountain top removal coal mining

Mountain top removal (MTR) mining is a form of strip mining in which coal companies use explosives to blast as much as 800 to 1,000 feet off the tops of mountains order to reach the coal seams that lie underneath. The resulting millions of tons of waste rock, dirt, and vegetation are then dumped into surrounding valleys, burying miles and miles of streams under piles of rubble hundreds of feet deep. Mountaintop removal mining harms not only aquatic ecosystem, and water quality, it also destroys hundreds of acres of healthy forests and fish and wildlife habitat, including habitat of threatened and endangered species, when the tops of mountains are blasted away.

Throughout the Appalachian region of the Eastern United States, more than 500 mountains have been flattened, first by clear-cutting forests, then by blowing off the top layers of rock with powerful explosives. Giant cranes (draglines) expose buried coal by scraping billions of tons of dirt off the mountain. The debris is then dumped into neighboring valleys and streams. Rather than remove coal from the mountain, MTR removes the mountain from the coal.

Latest developments

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What must happen

We urge all private banks involved in commercial lending and investment banking services for the mining sector to end their relationships with companies who practice mountaintop removal coal mining in Appalachia.

Our recommended "best practice" is a clear exclusion policy on commercial lending and investment banking services for all coal companies who practice mountaintop removal coal extraction.

Where banks choose to maintain relationships with this sector, we recommend a publicly available policy, with a clearly identified performance threshold and regular reporting on policy implementation. Banks should withdraw from any on-going financing relationships with clients that practice MTR and place MTR on their financing exclusion lists.

Impacts

Social and human rights impacts

Coal companies use MTR mining methods because it allows for almost complete recovery of coal seams while significantly reducing the number of workers required compared to conventional methods. The coal-bearing counties of Appalachia are some of the poorest in the nation, despite the fact that some of the greatest wealth is being extracted from them. For marginalized coalfield resident communities, MTR has meant the loss of thousands of jobs and growing health risks. Poverty has increased in MTR regions, even as corporate profits soar.

Once coal is extracted, it is then washed and treated, resulting in waste water called coal sludge, a mix of water, coal dust, clay and toxic chemicals such as arsenic, mercury, lead, copper, selenium and chromium. Billions of gallons of this toxic soup is then stored in vast, unlined impoundments or injected for storage in abandoned underground-mines. Impoundments are often held in place by mining debris or earthen dams, making them unstable. Sludge dams have been known to fail. In October 2000, residents of Martin County, Kentucky suffered 306 million gallons of slurry entering their water supply. The disastrous spill was over 30 times the size of the Exxon Valdez spill.

After blasting has occurred, waste from mining operations is systematically dumped into nearby valleys, burying streams. This waste then releases toxic metals, killing life in streams and polluting ground water. Health problems such as cancer, liver and kidney disease and skin rashes have been found in correlation with people who drink water from wells contaminated by coal mining. The problem was exacerbated in 2002 when the Bush Administration changed rules in the Clean Water Act to allow waste material to be considered “fill,” effectively legalizing the dumping of toxic mining waste directly into Appalachian waterways.

Environmental and climate impacts

MTR is a mining practice where explosives are used to remove the tops of mountains and expose the thin seams of coal that lie beneath. Once blasted, the earth from the mountaintop is then typically dumped in the neighboring valleys. As a result, MTR mining poses significant threats to water quality in Appalachia, and undermines the objectives and requirements of the Clean Water Act. According to a 2005 environmental impact statement, nearly 2,000 miles of Appalachian streams have been buried or contaminated.

Other impacts

The expansion of mountaintop removal mining is fuelled by the fact that the United States is in the midst of a coal rush. Currently, more than 150 new coal-fired power plants are in various stages of development around the country. The government is relaxing laws in order to allow even more coal mining that destroys communities and ecosystems. These new power plants will emit 600 million tons of carbon dioxide annually, which is tantamount to doubling the number of cars on roads! Coal is the single biggest obstacle to curbing global warming as well as destructive coal mining practices.

Governance

Other applicable regulations

Bank of America (Policy adopted December 2008)

Extraction from [policy](#): “Bank of America is particularly concerned about surface mining conducted through mountain top removal in locations such as central Appalachia. We therefore will phase out financing of companies whose predominant method of extracting coal is through mountain top removal.”

Citi (Policy adopted August 2009)

Extraction from [policy](#): “Citi has implemented a robust MTR Environmental Due Diligence Process that has been fully incorporated into our credit risk policies and procedures. The Diligence Process is triggered when engaging any client that uses MTR as an extraction method, and includes an MTR Risk Assessment Questionnaire that Citi will discuss with relevant clients as a part of our transactional due diligence. Under certain circumstances, Citi may require an Independent Review.

- Prior to new transactions, Citi will conduct appropriate due diligence and evaluate companies that engage in MTR extraction in Central Appalachia, utilizing the following four principles.

- Regulatory compliance - Citi will evaluate the company's compliance history over time.
- Exposure to future regulatory changes - Citi will evaluate the readiness of clients to meet changing regulatory requirements.
- Litigation risk - Citi will evaluate the company's exposure to litigation risk, including the status of existing lawsuits and historical judgments.
- Franchise risk - Citi will evaluate the company's profile and the extent to which the company is exposed to negative franchise risk. Citi commits to continuing dialogue with stakeholders and clients on this issue. Based on implementation experience, we will review and revise our MTR Environmental Due Diligence process over time and as regulations change.

Credit Suisse (Policy adopted September 2009)

Extraction from letter to RAN and the Sierra Club (4/28/10):

"Credit Suisse recognizes the vital importance of the mining sector, in all its diverse forms, for the global economy. However, given the potential impacts that mining operations may have, Credit Suisse seeks to promote responsible mining practices that protect the environment, ensure worker health and safety, and engage the public through consultation and disclosure."

JPMorgan Chase (Policy adopted May 2010)

Extraction from [policy](#): JPMorgan "has undertaken an enhanced review of all proposed banking transactions for companies engaged in MTR. This enhanced review is in addition to the customary diligence employed for companies in the extractive industries and includes considerations of a company's regulatory compliance history, as well as exposure to future regulatory changes and litigation risks, particularly as they relate to valley fills and water quality issues."

Morgan Stanley (Policy adopted May 2010)

Extraction from [policy](#): "We have implemented an enhanced environmental due diligence process on any transactions involving a client engaged in the practice of MTR as an extraction method. Our enhanced due diligence analyzes the company's policy framework regarding mining techniques, operating practices, and track record of legal compliance, reclamation and litigation.... We will not finance companies for which a predominant portion of their annual coal production is from MTR activities as an extraction method. We will periodically disclose the process by which we are implementing these commitments including case studies of the types of effect the due diligence process has on transactions."

Wells Fargo (Policy adopted July 2010)

Extraction from [policy](#): "We recognize the significant concerns associated with this practice, as well as the heightened risks related to companies engaged in MTR mining. At the same time, it is important to acknowledge the significant investments made by our coal customers in their mine operations, which were entered into in good faith and in accordance with applicable regulations. As a result of our deliberate approach, and the broader movement of the industry toward other mining methods, our involvement with the practice of MTR is limited and declining."

Brief history

Mountaintop removal is a relatively new type of coal mining that began in Appalachia in the 1970s as an extension of conventional strip mining techniques. Primarily, mountaintop removal is occurring in West Virginia, Kentucky, Virginia and Tennessee. Coal companies in Appalachia are increasingly using this method because it allows for almost complete recovery of coal seams while reducing the number of workers required to a fraction of what conventional methods require.

Updates

Former Massey Energy executive found guilty of conspiracy

Dec 3 2015

[According to The Atlantic](#): the former Massey Energy executive, Don Blankenship, was found guilty of conspiracy, but acquitted of securities fraud and making false statements related to the Upper Big Branch mine disaster in 2010.

Patriot fasing out of coal, but Alpha and Arch not

May 6 2014

Of the three largest producers of MTR coal, Alpha Natural Resources, Arch Coal, and Patriot Coal, [Patriot](#) has already committed to phase out its MTR operations. But Arch and Alpha have maintained a pipeline of new MTR mining permits, even as the financial, regulatory, and reputational risks associated with MTR coal mining have become increasingly acute.

In 2013, top U.S. and European banks exited relationships with producers of MTR coal. As of April 2014, BNP Paribas, JPMorgan Chase, and Wells Fargo had terminated relationships with two of the largest mountaintop removal coal producers, Alpha Natural Resources (9.4 million tons of MTR coal produced in 2013) and Arch Coal (4.6 million tons in 2013). Unfortunately, as these banks exited MTR financing, Barclays scaled up its MTR financing, closing USD550 million in loan and bond transactions in 2013.

Federal court protects streams from surface mining

Feb 6 2014

Regulatory and legal risks associated with MTR production have grown in the past 12 months, with a February 2014 [federal court decision](#) striking down a Bush-era rule that had gutted protections for streams impacted by surface mining. As the first case study highlights, Alpha Natural Resources's exposure to citizen lawsuits related to water pollution from its MTR mines more than doubled in 2013, as the company reached a record-setting USD227.5 million enforcement settlement with the U.S. Environmental Protection Agency and Department of Justice over water contamination from its mines.

Bankruptcies

May 6 2013

The financial condition of many MTR-producing coal companies continued to deteriorate in 2013. Patriot Coal's 2012 bankruptcy was followed by [bankruptcy](#) filings at Essar Energy's Trinity Coal subsidiary in February 2013, and at James River Coal in April 2014. Ironically, the CEO of the #2 producer of MTR coal, Patriot Coal, has emerged as a voice against MTR, remarking that his company's agreement to exit MTR was ultimately good for business, as the second case study explains.

2013 was a painful year to lend to several MTR coal producers. Three European banks, Credit Agricole, ING Capital, and Natixis faced the especially daunting challenge of recovering USD104 million in outstanding loans from their client Trinity Coal in bankruptcy court. After being acquired by the Indian conglomerate Essar Group in 2010 for USD600 million, Trinity, which operates MTR mines in Kentucky and West Virginia, was hit hard by slumping coal markets and failed to make required payments to its suppliers and creditors, prompting over 50 lawsuits against the company.

According to the three banks, Trinity defaulted on over USD104 million in credit obligations to them in 2011. After the company reportedly failed to negotiate with the banks, they filed an involuntary bankruptcy petition against it in February 2013. A year later, Trinity's parent company agreed to a USD150 million capital infusion for Trinity as part of a bankruptcy settlement, through which Trinity's unsecured creditors were expected to receive 0.15 to 0.25 on the dollar.

Trinity isn't alone among MTR producers facing acute financial distress. In February 2014, James River Coal, which reported net losses of USD138.9 million in 2012 and was expected to lose USD126.8 million in 2013 according to Bloomberg estimates, renegotiated its revolving credit line with GE Capital and UBS to give it time to explore "strategic alternatives" including a sale of all or part of the company. At the same time, James River forged ahead with a legal battle to secure a permit for a new mountaintop removal mine in Kentucky in the face of legal challenges over the mine's potential impacts on human health and the environment. James River later declared bankruptcy in April 2014.

In contrast to James River, the CEO of Patriot Coal, which agreed to phase out its MTR operations as part of a 2012 bankruptcy settlement, recently expressed a much dimmer view of the viability of new MTR operations. In December 2013, he said that his company's exit from MTR was good for business, helped Patriot avoid growing regulatory, permitting, and litigation risks associated with the practice, and that it is "increasingly unlikely that any producer is going to invest a lot of money in building out a large-scale surface mine in Central Appalachia." Nevertheless, James River appears determined to prove him wrong with their planned MTR mine.

Lawsuit Patriot Coal over selenium discharges

Oct 30 2012

Patriot Coal faced a wave of citizen lawsuits over selenium discharges from its MTR mines and saw its selenium-related cleanup cost estimates rise to approximately USD449 million just prior to its bankruptcy filing in 2012.

Jan 31 2010

On-going financing of destructive operations.

Financiers

Banks		
ABN AMRO Netherlands profile Details ▼		
Debt – corporate loan	EUR 132 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Alfa Bank Russian Federation profile Details ▼		
Uncategorised	EUR 25 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
BBVA Spain profile Details ▼		
Debt – corporate loan	EUR 130 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 37 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
BNP Paribas France profile Details ▼		
Debt – corporate loan	EUR 265 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
BPCE Group France profile Details ▼		
Debt – corporate loan	EUR 400 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 74 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Bank of America United States profile Details ▼		
Debt – corporate loan	EUR 952 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 1,571 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Bank of Montreal (BMO) Canada profile Details ▼		
Debt – corporate loan	EUR 533 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		

Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 169 million	2005 - 2013
Barclays United Kingdom profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 204 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 143 million	2005 - 2013
Canadian Imperial Bank of Commerce (CIBC) Canada profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 36 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 12 million	2005 - 2013
Citi United States profile Details ▼		
Debt – project finance <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 1.599 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 1,324 million	2005 - 2013
Commerzbank AG Germany profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 200 million	2005 - 2013
Commonwealth Bank of Australia Australia profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 26 million	2005 - 2013
Credit Suisse Group Switzerland profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 254 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 143 million	2005 - 2013
Crédit Agricole France profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 400 million	2005 - 2013
Uncategorised <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 119 million	2005 - 2013
Crédit Mutuel France profile Details ▼		

Debt – corporate loan	EUR 14 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Deutsche Bank Germany profile Details ▼		
Debt – corporate loan	EUR 158 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 88 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Goldman Sachs United States profile Details ▼		
Debt – corporate loan	EUR 224 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 102 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
HSBC United Kingdom profile Details ▼		
Debt – corporate loan	EUR 53 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
ING Netherlands profile Details ▼		
Debt – corporate loan	EUR 395 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 12 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Industrial and Commercial Bank of China (ICBC) China profile Details ▼		
Debt – corporate loan	EUR 132 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
JPMorgan Chase United States profile Details ▼		
Debt – corporate loan	EUR 452 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 770 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Mitsubishi UFJ Securities Co., Ltd. Details ▼		
Debt – corporate loan	EUR 378 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 172 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Mizuho Japan profile Details ▼		

Debt – corporate loan	EUR 66 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 21 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Morgan Stanley United States profile		
Details ▼		
Debt – corporate loan	EUR 1.898 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 1,798 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
NatWest United Kingdom profile		
Details ▼		
Debt – corporate loan	EUR 816 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 678 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Nordea Finland profile		
Details ▼		
Debt – corporate loan	EUR 68 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
PNC Bank United States profile		
Details ▼		
Debt – corporate loan	EUR 1.104 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 118 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Raiffeisen Zentralbank Austria AG		
Details ▼		
Debt – corporate loan	EUR 185 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Royal Bank of Canada (RBC) Canada profile		
Details ▼		
Debt – corporate loan	EUR 43 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 40 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Santander Spain profile		
Details ▼		
Debt – corporate loan	EUR 159 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		

Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 121 million	2005 - 2013
Scotiabank Canada profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 140 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 143 million	2005 - 2013
Société Générale France profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 217 million	2005 - 2013
Uncategorised <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 5 million	2005 - 2013
Standard Chartered United Kingdom profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 16 million	2005 - 2013
State Bank of India India profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 5 million	2005 - 2013
Sumitomo Mitsui Banking Corporation (SMBC) Japan profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 294 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 14 million	2005 - 2013
UBS Switzerland profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 340 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 1,338 million	2005 - 2013
US Bancorp United States profile Details ▼		
Debt – corporate loan <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 226 million	2005 - 2013
Uncategorised shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>	EUR 16 million	2005 - 2013
UniCredit Group Italy profile Details ▼		

Debt – corporate loan	EUR 282 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Vneshtorgbank (VTB) Russian Federation profile		Details ▼
Debt – corporate loan	EUR 700 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 136 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Wells Fargo United States profile		Details ▼
Debt – corporate loan	EUR 700 million	2005 - 2013
<i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		
Uncategorised	EUR 136 million	2005 - 2013
shares/bonds underwriter or manager <i>source: Banks and Coal Spreadsheet, Profundo, 2014</i>		

By the summer of 2014 BNP Paribas, RBS, JPMorgan Chase and Wells Fargo have all publicly confirmed that they are moving away from bankrolling the destruction of America's mountains.

Related companies