

## JELICO COMPLEX



# Canadian junior's Tennessee treasures

Just a few years ago, Thelon Capital was virtually unknown in the coal industry and the eight leases it now holds in southern Appalachia outside of Knoxville, Tennessee, were mostly untouched acreage. Fast forward to 2012, and Thelon and subsidiary Clear Fork Mining, are in the midst of building the blossoming Jellico complex that is rapidly nearing 20 million tons under permit. By **Donna Caudill**

**A**s Thelon, through its acquisition of a private Tennessee mining company, nears its goal for this year of becoming a 1Mtpa producer, it has worked aggressively to bring five of its eight leases in the Jellico area into production. They include Hubbs Creek, Round Mountain, Flag Ridge and White Oak, the heart of Jellico that is both underground and surface.

Flag Ridge, the newest of the group to come online, was just hitting full production

at press time with the complex's sixth spread of equipment. The overall goal for the half dozen mines in operation is 80,000tpm on average by the end of this year.

Not to be forgotten, the remaining mines are not far from their turn in the spotlight, Clear Fork Mining president Tony Cousins said. Hatfield Gap, Roses Creek and Flat Creek all have permits active or will within the next six months.

White Oak, which is finishing work at the west portal at a rate of about 5,000tpm, is

undergoing a significant expansion that will bring crews to the new east portal in July if preparations continue on schedule. It, too, will extract via room and pillar.

The geology of the area is relatively flat and the reserve, which lies atop High Knob, is sizeable for a small mine at approximately 6,800 feet by 1,000ft.

Company estimates put the reserve at about 1 million tons with 600,000 to 700,000t recoverable.

The new area will give access to a fresh





*White Oak is undergoing a significant expansion that will bring crews to the new east portal in July. Photo courtesy Blake Desaulniers, FP Media Inc*

seam for the companies, Rich Mountain, which produces a silicon metal coal very similar in quality to the rich Blue Gem seam it has been mining to date.

The addition of Rich Mountain, Cousins and Thelon president Jason Walsh said, would allow greater blending capabilities for what has become a very discerning customer base in the region.

Once running in the expanded area, Clear Fork will operate one Joy 14-10 continuous miner. This will ramp up to 10,000t per month as it chews away at a seam height that will average 29in to 35in in the area.

Though the remainder of fleet plans have not been finalized, Cousins said it had a detailed wish list for the technology that would keep it working efficiently.

While the roof control plan and some other final documentation is still being finalized, it is expected that crews will work a six-day, 12-hour shift. A four-hour dedicated

maintenance period will be scheduled daily to perform dewatering, belt placement and other duties. The ventilation plan is also still pending, and the executives note that gas is not expected to be an issue.

When the conveyor infrastructure is complete, the mine will have a 66in main shaft for the 30in beltline – a width it intends to keep online for the duration of mining.

Cousins and Thelon said much work still remained to have everything ready in time for the expansion’s summer 2012 start, a good bit of which ties in to the growth milestones being undertaken for Jellico as it becomes Appalachia’s newest complex.

Some of the short-term plans include the addition of a few workers to make the transition to the newly-expanded White Oak as smooth as possible.

At prime production levels, Cousins said, the expansion of White Oak would have a lifespan of about five to six years. ▶

## Jumping Jellico

- Complex name: Jellico
- Location: Campbell County, Tennessee
- Controlling entity: Thelon Capital
- Operating entity: Clear Fork Mining
- Number of mines currently active: 6 as of February 2012
- Type: surface and underground
- Total holdings: 7 mines by late summer 2012 totaling 20Mt in reserves



However, Thelon and Clear Fork's plans for underground production growth will not end there.

At White Oak's completion, its equipment will become the fleet for another operation, Roses Creek, which will extract from the Rex seam via room and pillar methods. Overburden in the area is a shallow 300ft, so pillar design will likely include minimal dimensions.

The companies are excited to overlap its development with the prime of the White Oak expansion's life. Cousins said the Rex, which will be its own entity, will have its time to shine in 2014.

Blue Gem and Rich Mountain are both known as specialty coals that not only are in high demand by the silicon metals industry, but they are also quite flexible in their blending capabilities and command impressive market prices when prepared to spec.

While that market is showing no signs of slowing down, and tonnage is being delivered to customers nearly as fast as it can be mined, Cousins and Walsh are happy to note that they have got that covered, too.

**“This mine is small to most, but the quality of the coal plus [ownership of] the land fee simply gives us an advantage.”**

– Clear Fork Mining president  
Tony Cousins

“It must have a 2mm by 8mm sizing to get the most ... for the coal,” Cousins said, noting that averages for 2012 are expected to range between \$230 and \$250/t free on board.

“At this time we have a crusher and screens to produce this and a rail load out facility to help with transportation issues.”

With all of the planned growth – when the final surface operations are permitted later this year the company will exceed 20Mt permitted in the Jellico area – it is certainly beneficial to have a partner. Together with Thelon, Clear Fork Mining is ready for success.

“This is the first endeavor for Clear Fork into the underground mining arena by itself, but we believe with our experienced team and the ease of this seam to mine we will have a good run at it,” Cousins said.

“This mine is small to most, but the quality of the coal plus [ownership of] the land fee simply gives us an advantage.”

Walsh said Jellico had become a key player not only for Thelon, which is actively growing its coal interests in Appalachia, but also for a region on the rise. **CU**

*When final surface operations are permitted in 2012 the company will exceed 20Mt permitted at Jellico. Photo: courtesy Blake Desaulniers, FP Media Inc*

