

NATIONAL PRESS CLUB LUNCHEON WITH DON BLANKENSHIP

SUBJECT: SURFACE MINING FOR COAL

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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ALAN BJERGA: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter for Bloomberg News and the President of the National Press Club. We're the world's leading professional organization for journalists and are committed to our profession's future through our programming and through fostering a free press worldwide. For more information about the Press Club, please visit our website at www.press.org. To donate to our professional training and scholarship programs, please visit www.press.org/library.

On behalf of our members worldwide, I'd like to welcome our speaker and attendees at today's event, which includes guests of our speaker as well as working journalists. I'd also like to welcome our C-SPAN and Public Radio audiences. After the speech concludes, I will ask as many audience questions as time permits. I'd now like to introduce our head table guests.

From your right, Roger Conway, Chief Economist for Growth Energy; Benjamin Sarlin, Washington correspondent for *The Daily Beast*; Russell Mokhiber, editor of *Corporate Crime Reporter*; Dana Milbank, columnist for the *Washington Post*; Mike Soraghan, energy correspondent for Greenwire; Thomas Cook, vice president for environmental affairs at Massey Energy Company, and a guest of our speaker. Andrew Schneider, chairman of our club's Speakers Committee and associate editor for Kiplinger Washington Editors; Marilyn Geewax, senior business editor for National Public Radio and the Speakers Committee member who organized today's event. Bill Loveless, editorial director and host of "Platt's Energy Week"; Jim Ostroff, associate editor for

Kiplinger Washington Editors; and Holly Rosencrantz, labor reporter for Bloomberg News. (Applause)

Don Blankenship heads Massey Energy Company, a coal company based in West Virginia. He's one of the country's most talked about CEOs because of his extensive involvement in local and state politics, and his conservative positions on unions, the environment and coal production. In recent months, he has been at the center of news stories, as well as congressional investigations related to a disaster at his company's Upper Big Branch mine in Montcoal, West Virginia. The April 5th explosion killed 29 miners, making it the deadliest coal mining accident in the United States in 40 years.

Even before the mine explosion put his name into the headlines, Mr. Blankenship was the subject of a book, *Coal River* and a Public Broadcasting documentary, *The Kingmaker*. He has attracted a great deal of attention over the years for contributing large amounts of money to influence the outcome of judicial elections.

As a child in West Virginia, Mr. Blankenship had no indoor plumbing. As a young man, he worked in a coal mine to put himself through college. He became an accountant and worked his way up to head the country's fourth largest coal company and he's founded a charity group that helps his employees' families.

With climate legislation making its way through Congress and investigations continuing into the April explosion, Mr. Blankenship will continue to be a figure in the news this year. He is here to discuss his views on the need for more surface mining. Please welcome Don Blankenship to the National Press Club. (Applause)

MR. BLANKENSHIP: Thank you, Alan. I'm glad he mentioned that part about being respectful at the beginning. But I will say my only association with journalism is that I was editor of the school paper in high school. So other than that, and being in the news occasionally, I don't know a lot about your business. I do want to thank everyone for my being here. What I'd like to do on the front end is give perspective on three things; my background, which I think will help you understand why I believe what I believe. A little bit about how the world works in terms of energy, and so forth. And then I'll speak a little bit about surface mining and hopefully leave most of our time to being questions and answers.

It is true that my upbringing was in southern West Virginia, basically the first few years in a camper. Managed to get through college at Marshall in three years by working in the coal mines. And once I got an accounting degree, was basically forced to leave the area for ten years because of lack of employment opportunities. And returned there in 1982 only to find out that Massey had decided to withdraw from the Bituminous Coal Operators Association, which was a national group of coal companies that negotiated a single contract with United Mine Workers. And, of course, withdrawal from that organization didn't sit too well with the unions, so we ended up in a very violent strike in late '84 and '85.

At that time, Richard Trumka, now President of AFL-CIO was president of the United Mine Workers. Cecil Roberts was the vice president, he's now the president. We had about 91 people put in the hospital, we had three shot, we had one killed. I was under bodyguard 24 hours a day for about 15 months. So that sort of formed my opinion about unions at that time, although I will say that even before that, I had been involved with stories about the union as a kid, and worked in the United Mine Workers at Pittston Coal when I was 19 years old. So, I have a background both of working with them. I have, so you'll understand the localness of my views, my brother-in-law is a lifetime UMWA member. Again, I've been a UMWA member and my brother was a coal miner and my uncles were coal miners. I lived, worked, played and interacted with coal miners of both union and non-union status on a daily basis. So I think I know that part of the world pretty well and have learned what it needs.

When I returned to Mingo County, West Virginia in 1982, the unemployment rate was 26 percent or so, and today it's in the single digits. So we take a certain amount of pride in having created jobs and opened up the coal fields and even playing field for employment, and so forth.

So that gives you a little bit about my background. I will say before I go on, I don't normally give happy talks, I give factual talks. I believe until you have the facts, you really can't find happiness. Despite how bad they are, you can't treat cancer unless you admit that you've got it. So if you've got problems, you have to first recognize them and then deal with them.

We live in a country today that has \$13 trillion of debt and it gets worse every day. Actually, the number is far worse than people generally understand. The cost to municipalities, the cities, the states, all the pension funds are bankrupt as well. Firemen are going to lose their pension plans. The country basically is falling far behind their Asian competitors. The fact is that Americans are losing their jobs to non-Americans at an alarming rate and they're losing it in a number of different ways.

Just to show you that I try to be fair in my criticisms and my thoughts that when you look at three things, you look at the 18th, 19th century slaves, you look at immigration, you look at trade policy, they all have one common thread; businesses always seek to have low cost labor and to have a cost advantage. And that's one of the things that we all have to be aware of. That many times the policies and the processes and procedures that businesses come to are the thirst for a competitive advantage to fulfill their obligation to making money.

But the fact is, if you don't know numbers, as Jack Welch said, then you really can't talk meaningfully about anything. So numbers, I think, have to be the foundation for our thoughts. This year, our country will add \$1,500 billion to its debt. People will say that the banks are too big to fail. They're not too big to fail because no matter how big you are, you will fail. I guess Enron proved that, as well as others. This entire government in this country can fail if it continues to bleed cash at that rate.

I think the other thing that we have to all understand is however you get there, you've got to have affordable energy or affordable electricity to move mankind forward. We can be for or against certain types of energy, for or against certain types of environmental regulations or for or against a lot of things. But fundamentally, if you don't have affordable electricity in your country or in your household, you're not going to have a very environmentally friendly life. You're going to be hot, you're going to be cold, you're going to be underfed. The fact is that 1.3 billion people in the world live on less than \$1 a day and almost 80 percent of the world lives on less than \$10 a day.

It's real easy for those of us that are privileged and that live in nice homes or fly around on private planes or have professions like you have to forget those people because they're not in front of us every day. But those of us that travel the world, into India and China and other parts of the world, see what that's about and we know that those people as well being an improvement in their health has to be foremost in the objectives that we all have.

The fact of the matter is that millions of people die of preventable disease every day. The fact of the matter is that coal prevented that from being the case in America to a great extent. During the 1900s, coal was the fuel that fueled the industrial revolution. It's the same fuel that's fueling the Chinese industrial revolution. And one thing we all have to keep in mind is that physics and science and math are not determined by majority or by political views or by surveys. The physics and math of mining, the physics and math of the economy, the physics and math of the unemployed, and so forth, is what it is regardless of what spin is put on it.

In my view, it's unfortunate that over the last 35 or 40 years green jobs have trumped American jobs. We have not had a surplus trade result in this country in 35 years. We're not likely to have one for another 35 years. When your trade deficit is a billion dollars a day, you got to figure that there's probably somewhere in the neighborhood of 2,000 jobs a day you don't have, 7.3 million or so jobs. It turns out that that's not too far off of how many jobs we've lost.

The other thing we need to realize is that we've lost more jobs in the manufacture of computers and electronic equipment than we have in any other business except textiles. And you wouldn't think that. Who would guess that if you said what's the second largest manufacturing group of jobs we lost, it would be computers and electronics?

Other facts that you have to consider when you take up your positions, and let me say that Morgan Massey said to me when I first became president, that one of the things I would learn is everyone has an opinion without the discomfort of any thought. And I will tell you that there's a lot of that in this world. But 53 percent of the mercury emissions in the world come from Asia, not from the United States. Only one percent of the mercury emissions in the world come from the United States; 18 percent of the mercury emissions in the world come from Africa, even though it lives in abstract poverty. If you believe that mercury emissions should be reduced, would you spend billions of dollars chasing one percent or tens of millions chasing 53 percent?

Over 100 percent, and you don't want to miss that number, over 100 percent of the increase in CO2 emissions in the world since 1990 have been outside the United States. U.S. industry since 1990 has actually complied with the Kyoto Treaty, but not in a manner that would be hoped for. That happened because we've lost several million jobs in lots of industries. The fact is that CO2 in the U.S. decreased by 9 percent last year. So facts should matter over here on The Hill. It should also matter that every 3.6 seconds, a person in the world dies of starvation. So when we hold ourselves up as being saviors of mankind by trying to reduce CO2, we need to think about every 3.6 seconds there's a person that can't be saved because they died.

Forty percent of the world doesn't have basic sanitation. In West Virginia, we'll talk about surface mining in a moment, the EPA is constantly after things like conductivity when probably 40 percent of the sewage goes directly in the stream. And there are no sanitation systems in many of the small rural towns.

About 1.5 million people die each year from just indoor pollution in their own home because in many cases they're burning manure to fry their food. So it's a different world out there than many of us realize. China, primarily with the use of coal, has increased the standard of living of 475 million from abstract poverty to at least tolerable living. So the other thing you want to understand that is with prosperity comes life expectancy. In the United States, healthcare, coal, energy, electricity, and other things, increase the life span by about 31 years from about 48 years of life to about 79. It's pretty fundamentally important, living 31 years longer. And China and India are experiencing that same type of increase in life expectancy despite CO2 emissions, mercury emissions, sulfur emissions, NOx emissions and other particulate emissions because they have heating and cooling and food and economy, which is very important.

I would throw in there at the end of this, so that again you can see some balance, that one thing we need to be asking American business, and we're asking them all kinds of things. You know, Sarbanes-Oxley greatly increased the reporting of American business. But, we need to understand when we can't figure out why Wall Street and the Stock Exchange is not tracking the U.S. economy, why that is. I don't know the facts of that because they're not available. But you have to wonder how much of the profit that's on the New York Stock Exchange is made in America versus outside America, what the payroll is inside America versus outside America. What the average wage and benefit cost per hour is inside America versus outside America. How many American jobs have been created by these corporations in the last several years versus non-American jobs.

And so those types of questions, how much U.S. tax dollars are paid versus foreign tax dollars, how much subsidy these companies receive to produce jobs overseas. I haven't actually read the bill, so I'll admit that I'm guilty of what most congressmen are. But I understand the Energy Bill provides tax credits for creating renewable energy sources in parts of Asia. I know that subsidies are paid for to Pakistan to develop coal mines. So there are things out there that you have to wonder whether the American worker is getting a fair deal or not.

And as far as surface mining, central Appalachia has been surface mining for about probably 80 years. For the last 40 years, the industry has probably moved, I don't know, 40, 50, 60 billion yards of rock. And yet, despite all the activity and despite all that mining and despite a great deal of it being done even before the 1977 Surface Mine Act, the environmental extremists still consider that area to be a pristine environment that needs their protection. So we've moved billions and billions of yards of rock. There's not a whole lot of billions left to mine the coal. But it's amazing how protected it needs to be today.

And it used to be it was real. It was about putting the dirt back in a way that allowed it to be re-vegetated. It was about planting trees, it was about sediment ponds and so forth. But now it's about things like conductivity. And if you're in the room and you happen to get a Perrier or something, you need to be careful because it won't meet the EPA standards for water discharge off of central Appalachia surface mounts. So, we have a situation where there's no longer any low-hanging fruit in many of the U.S. industries efforts, whether it be about mercury, whether it be about water quality or whatever. We discharge water back into the streams that's cleaner than the streams we took it out of, only to get violations.

Bottom line is there's enough surface mine coal produced in central Appalachia to provide enough energy to fuel 80 million people's households. Those 80 million people need their 50, 60, 80 dollar power bills. They don't need windmill \$400 power bills. And they don't need for their taxes to go to subsidize causing the windmill prices to be less. And I can assure you that however the energy or power is produced that there will be others that stand in the way of it. You already see the resistance to solar panels and windmills.

When I was debating Robert Kennedy back a few months ago, he was making a big deal of how his solar panel investment should displace coal, only to find now that some turtle is being endangered by his solar panel so he's running into a problem as well.

So in summary, I'm from central Appalachia. I was born in West Virginia. I always look forward tonight to going home country roads, so to speak. We're proud of what we do. I've done it for a long time. I've been going into coal mines in five different decades. We don't get everything perfectly right, but we do feel very much that coal and electricity and this country's economy and our national security and our quest to wean ourselves of some of the foreign energy and so forth and the plight of many people in the world and the need for jobs, and so forth, trumps some of the environmental extremism that we're subjected to on a routine basis. And that should stir up some questions. Thank you very much. (Applause)

MR. BJERGA: Well, you'll be pleased to know we already have numerous questions, and I'm sure that there will be more. First question, Appalachia is very tough to mine given that we've been doing this now for almost two centuries. No matter how safe companies operate, has the risk of incidents risen in the past few years? And can we

expect it to continue to do so? Second question: is mountain top mining the only choice for mining in West Virginia?

MR. BLANKENSHIP: Well, the answer to the second question would be no. I mean you can mine coal by a deep mining method, but you sterilize tremendous amounts of energy reserves that can't be mined in that manner. You know, if you want low cost energy, you need low cost coal production.

[pause]

MR. BJERGA: Excuse me, if we could continue with our program, please? Thank you.

MR. BLANKENSHIP: As you can see, there are people that have the opinion without the discomfort of thought. And they sometimes tie themselves to our trees and tie themselves to our equipment. And it's as disruptive as-- having civil disobedience, and so forth, is fine, but we do need to be respectful.

As to the question on safety and so forth in the coal mines, the fact that we had the tragedy that resulted in 29 deaths which was the largest tragedy in the last 40 years, certainly would bring into question whether that's the right question to ask me. On the other hand, I should report to you that we reduced the number of accidents at Massey over the past 20 years by 90 percent. The things we've done in the area of safety are second to none in the industry. We have 120 rules at Massey that exceed requirements of federal law.

We're very frustrated that in many times, the technical competence of the government inspectors is far less than the technical competence of our engineers. And many times, our engineers are overruled by the engineers of MSHA and other places. We've had a policy for the last 30 years of recruiting top engineers that are being graduated from the top universities. Many times, these people are local. So, the answer is that coal mining, actually on an NSDL rate, doesn't rank in the top 12 or so most dangerous occupations in America. It's more dangerous to drive a cab in New York or work at a 7-11.

But the issue of safety is foremost in the mines. If you said, "I want to create a factory and make it safe," you would say you'd want it well lit, you'd want the floor to be non-skid, you'd want the roof to be good. You'd want to avoid pinch points. All four of those major things you would want existing coal mines from the start. So they're sometimes difficult to deal with, but I think the industry and Massey have done a great job of doing that over the last several decades.

MR. BJERGA: National Public Radio reporters have interviewed more than two dozen current and former Massey employees. Most say they fear you and are afraid to publicly criticize the company's safety practices for fear they or their children will never work in the state's coal industry again. How do you respond?

MR. BLANKENSHIP: Well, first of all, during the last ten years, there have probably been 10,000 people work at Massey. It wouldn't surprise me that you could find two dozen that would say that or would feel that. However, we did a poll a few months before the UBB tragedy and did one just recently post the UBB tragedy. Ninety-two percent of our people say they feel safer, that our mines are safer than our competitor coal mines, that our rules make our mines safer than does the federal law. Ninety-four percent or so are aware of our 1-800 number that allows them to anonymous report accidents or unsafe-- safety hazards. So we feel very good. It's hard to get 97 percent of the people to agree on anything and we feel very good about what we've achieved in the area of communication with our employees. Six times, we've had union drives at Massey. All six failed and part of the reason is they know that we care about them.

MR. BJERGA: What is your response to the Miner Safety and Health Act legislation that passed the House Committee on Education and Labor yesterday?

MR. BLANKENSHIP: I really haven't had a chance to look at it. But I will say about Miner Act I and Mine Safety and Health Acts, that typically they're knee jerk political reactions rather than, as I said in my opening remarks, based on physics and math and science. The objective of legislation in Miner Act I was to survive an explosion. The objective has to be to avoid the explosion. We believe that the ventilation systems being dictated on us by the government in many ways are less safe. I wouldn't want to bore you with details, but we developed as an industry and we have had in use the last 20 years what's called scrubbers that removes the dust from the air and removes the methane more quickly from the face only to be required to turn half of them off in the last year and a half or two.

We have situations where we believe the air that has been used in the mining process needs to be taken outside the mine as quick as possible, but MSHA often disagrees with that. So what we need are independent, pragmatic, scientific determinations to put in place laws to improve the physics and science of safety in mining as opposed to laws that might appear to do that in the public's eye.

The ideas of, for example, having self rescuers every 500 feet that last about 30 minutes as opposed to improving the type of oxygen and air that's available in the event of an explosion to me is a misplaced priority. There are hundreds of other examples if you got into actually trying to improve mine safety. Again, many times we feel like we're going backwards, although I've not seen that specific bill.

MR. BJERGA: Part of the act would strengthen enforcement for repeat violators and hold top management individually criminally liable for knowing violations that led to miners' deaths. Do you think top management should be held individually accountable under the law?

MR. BLANKENSHIP: I think anyone who actually knowingly causes someone's death or causes serious injury should be subject to the law. I do think we need

to be careful about eliminating due process as a fundamental constitutional right. And 40 percent of the time that we receive violations, they get overturned even within the same system of government. So, we have a situation where, again, you have to worry about the consistency of the enforcement, the professionalism, as well as the capability of the inspectors. And you have to keep in mind that no one wants a coal mine to be safer than a coal miner. And the idea that corporations, particularly the Massey Corporation, I live in and among these people, I live in Mingo County, West Virginia. Our chief operating officer, who's heavily involved in investigating this, is now 42 years old. When he was about 24, he was trained to a great extent by this workforce that perished.

It's actually an affront and an almost inhumane insinuation to suggest that the neighbors of coal miners-- and keep in mind that some of these supervisors of these mines are relatives of the victims. It's a very close knit community, it's a very professional group of people. They're very concerned about coal mine safety. And no one would be more concerned about their lives than would be their family and friends.

MR. BJERGA: You live on top of a mountain and commute by helicopter. What if someone wanted to blow off the top of that mountain?

MR. BLANKENSHIP: First of all, I don't live on top of the mountain. That's another common misperception. Massey has a cabin facility, which at the top of that mountain they have another home that is used for entertaining customers. Because if you come to the coal fields of West Virginia, nothing against Motel 8, but you either stay at a Motel 8 or you stay somewhere like a Massey area. So we need to have interaction with our customers. It's what fundamentally supports our business, it's what fundamentally supports our jobs. And we do entertainment like other companies, much less expensively than in New York.

Certainly if you wanted to pay us a thousand dollars a night to stay up at these places you could. That's what they charge us in New York sometimes. So in any event, I don't live at the top of the mountain. I do live in a house that the company built 106 years ago. I live in the same house that I lived in as I raised or reared my children, to use the proper word. And I have had all the experiences of life there including divorce and the death of my ex-wife and the death of my mother, so it's home. And I live right in the middle of it. Again, it's a house that's worth about \$250,000 probably. So, we live pretty modestly. I still ride four-wheelers on the mountain tops, still go up the trails. The last couple of weeks picked wild raspberries and blackberries from the hills.

Again, we're very comfortable with how we live and I have no shame about how we interact with the workforce or the people in West Virginia. And most, including myself, of Massey's managers, are former community members or children of Appalachia.

MR. BJERGA: Why are you no longer on the board of the Chamber of Commerce?

MR. BLANKENSHIP: You'd probably have to ask them. My understanding is they have a rule where they rotate you on and off. I've had several conversations with Tom Donahue, as has been in the press, about the things that I've mentioned here about American business policy, about American jobs, about exactly what constitutes America. Thomas Jefferson said in 1776 that merchants only pay loyalty to the countries they make their money in. They don't pay loyalty to the countries that they grew up in or live in.

That's not an insinuation. I do think, though, that American businesses need to be honest as opposed to politically correct. It's real important that, in my opinion, that people understand the realities. I understand what it is not to be able to make a car insurance payment, a house insurance payment, make an electric bill, find the way to get your children their cheerleading outfit, or whatever. The people who are making most of the decisions don't understand that, and we need to balance out the environment and balance out jobs and balance out our loyalty to the country, our sensitivity to humane conditions around the world. All that needs to be balanced.

But you have to keep in mind that any time you waste a dollar, whether it's chasing one percent of the mercury in the world when you could be chasing 53 percent, or whether it's passing regulations that drive up the cost of business that don't create any money to build schools or highways or provide social programs or health insurance for the elderly, that you're not being extremely humane when you're on that side of the aisle.

MR. BJERGA: You've mentioned in your address, as well as in your remarks here, of other societal needs and other problems that are being dealt with while people may be focusing on the environment. A member of the audience asks what are you as an individual, or as a company, doing to reduce mercury emissions and death by starvation?

MR. BLANKENSHIP: I think the biggest thing that we're doing is what I'm doing today. We're speaking out about the issue, hoping we can gain support for sensical (sic) behavior in Washington and throughout the world. As you know, it's not always easy to speak out. I get a lot of criticism for it, and you get a lot of bad press and you get a lot of people that stand up in front of the podium with signs, and so forth.

But the issue is whether you're a productive part of society or not. We produce a lot of energy that provides a low of low cost electricity that I've just explained is fundamentally important. The greatest thing you can do in a charitable way is to produce something. At the end of the day, productivity divided by population equals average quality of life. And the thing that we're doing is producing energy to help the rest of the world and the U.S. have a prosperous life. (Applause)

MR. BJERGA: Many in the environmental community would say that along with the cost, the dollar cost of the productivity, there are other costs that aren't necessarily reflected in dollars and sense, but do take a real toll, sort of the price of a degraded environment or the price of air that is not as clean. Is that something that needs to be increasingly factored or is that something that is a myth easily prone to manipulation?

MR. BLANKENSHIP: First of all, I think it's something that's over-factored. I mean, we all know about Al Gore's externality costs. It's a good word, it's easy to remember externality. But the truth of the matter is there's hardly anything done that doesn't have an externality cost. We've got a \$420 billion military budget, partially to keep the seas open for oil. We've got a situation where we're subsidizing wind with taxpayer's expense by people who can hardly afford to pay their taxes. We've got people losing their jobs because, if you will, the externality of extremism.

Should it be considered? Yes, it should be considered. Should we have reduced sulfur? Yes, although I don't think acid rain was the big deal it was made out to be. The question is not whether you should be good stewards of the environment or whether you should be productive or whatever, it's how do you find that balance? And what I'm suggesting to you is when you've eliminated so much of the mercury emissions, sulfur emissions, NOx emissions, and so forth in this country, it makes no sense to transfer all that industry and all those jobs offshore where you don't have that same stewardship.

Some studies say that for every job that you transfer offshore, you increase CO2 emissions six times. The Chinese emit about 4,500 to 5,000 tons of mercury compared to 50 tons in the U.S. What externality costs would you think is most important to address if you're concerned about mercury in the oceans? The only thing I'm asking you is do a little bit of thought before you form an opinion. Get some facts. You know, there's a book out called-- I think it's called *Power Hungry* by a guy named Bryce. I recommend anybody wants to see the facts of it should read that. It's a very interesting book about the facts of all these energy issues.

MR. BJERGA: If you would follow your assumption that there is an externality extremism, why would that extremism exist? If acid rain were not, as you said, as big of a deal as it was made out to be, why was it made out to be a big deal if there are harmful economic consequences?

MR. BLANKENSHIP: I think the easiest one to speak to in that regard is CO2. CO2 in the environmental movement is big business. I mean, you got an environmental movement that is a business competing against other businesses. Again, I don't know whether the world is warming or cooling. What I do know is you could eliminate the entire U.S. industry and eliminate all the people and all that, you wouldn't make a whole lot of difference. There's 7.8 billion tons of coal burned in the world. That number is going to increase by about two to three to four hundred million a year, depending on the economy. So every 30 to 36 months, the world's energy or coal growth burn will increase by the equivalent of the entire U.S. production. That's a fact of life. That's how the 1.2 to 1.3 billion people are going to get out of poverty and that's how we're going to stop the child dying every 3.7 seconds, or something.

So you have to look at things pragmatically. If you want to reduce mercury, how would you best reduce it cost benefit-wise? Environmentalism should be no different than business. It should be a cost benefit ratio determination.

MR. BJERGA: Speaking on facts and on metrics, one clear metric in the mining industry is number of deaths. Even before the disaster at Upper Big Branch, Massey had the most fatalities of any coal company in the country over the last ten years. You have said that Massey is about average in fatalities. How can you say that when coal companies much larger than Massey have significantly fewer fatalities over that same period?

MR. BLANKENSHIP: The thing about coal mining in Appalachia is it is more difficult. It has every type of mining, and so forth. I don't know for certain that those statistics are right because one thing about Massey is it's been around for 94 years and it's still Massey. Other companies go through transformations all the time so they're made up of other companies. You know, they're made up of Pittston Properties or made up of Island Creek Properties or made up of Westmoreland Properties. So as far as how that actually would look, I don't know. But we're the largest producer in central Appalachia in one of the most difficult areas. I know that we spend tens of millions of dollars on safety improvements that are beyond the law. I know that I personally look at every safety or every accident and attempt to figure out what would avoid it.

Again, the tragedy is something that we have our views about what caused it, and so forth. But when you have mining in central Appalachia, you have a risky business. We know that we do it better than anyone has ever done it in terms of the last 10 to 20 years. The fatalities are way down from what they were years and years ago.

But let me just give you a comparable statistic that you might not know. There's 42,000 people a year killed on the highways in the United States. That's an incredible number. The safety aspects that could be introduced to industry and in life, if they tried a hard as the coal industry has had, they would clearly save thousands of lives.

MR. BJERGA: This spring, 29 people who worked for you died on the job. How did that experience affect you, and what are you doing now to make sure that no more miners die?

MR. BLANKENSHIP: Yeah, I think, again, the biggest thing is how it affects you is you're heart broken. There's no way to explain what it's like. I get a little perturbed by the press. I was with the families every night during the tragedy. I was there when they were told that their loved ones had perished. I met individually with every family that wanted to meet, which was probably 25 or 26 of the 29. I spent whatever time they wanted to spend explaining how their loved ones perished, where he was at. Explained any question I could of what they wanted to know. Didn't sleep for two or three days dealing with the issues surrounding the aftermath.

Again, the fact the tragedy occurred is something that I'm not even sure yet how to avoid. But the thing that most is disruptive or disturbing in the press is the idea that we as Appalachianers or as coal miners or as executives or business people don't really value life. Because we certainly would never put profits above safety. Never have, never will,

as I've said before. And no one would want the experience, the feeling of informing 29 families that they'd lost their loved ones.

MR. BJERGA: On a personal level, do you feel at all guilty about the 29 deaths at Upper Big Branch?

MR. BLANKENSHIP: I think that the word guilty is not the right word. I feel that I don't want to experience it again. I feel sorry for the families. I feel concern for our current workers. I feel motivated to try to figure out what happened and try to prevent it from happening again. As I noted in my commentary up front, I'm a realistic. Politicians will tell you we're going to do something so this never happens again. You won't hear me say that because I believe the physics of natural law and God trump whatever man tries to do. When you get earthquakes under ground, whether you get broken floors, whether you get gas inundations, whether you get roof falls, oftentimes are unavoidable, just as other accidents are in society.

So, the idea that we can prevent it from happening again is one that I'm cautious not to say that, although I could tell you that there's no one more motivated and intending to try harder to avoid it from happening again than I am, and/or than Massey's management team is.

MR. BJERGA: The Mine Safety and Health Administration have engaged in a back and forth following the disaster. Is the department effective in reducing accidents? Should the U.S. create a new arm?

MR. BLANKENSHIP: I think I don't like to say about MSHA, what they say about us. I mean, we just said that Massey has more fatalities. Obviously, this year if you want to take it to the present, we've had more fatalities. I mean, it depends on what you want to say. But the bottom line is that the physics have to be the focus. You can't focus on surviving an explosion because the human body's not going to survive an explosion.

And that's one reason that I continue to speak out about it. We've got to get very focused on what proper ventilation plans are. To give you an idea of something that when Cue Creek cut in, they saved the guys out of the water it was because of poor mapping. The government could do a lot to improve mapping. The state of Kentucky has better mapping rules than the federal government has in my opinion. There's things that we could do about gas wells. We interact with gas companies, there's gas wells all over central Appalachia and the mapping of those gas wells is basically whatever cooperation there is between the gas companies and the coal companies. It's not something that's GPS gas wells. Sometimes, they're stuck on a map and sometimes they're in there based on GPS.

So there are a lot of things that can be done, and we're dedicated to doing that. So as far as how I feel about it is not so important as what we do about it as an industry and a government going forward.

MR. BJERGA: Was MSHA's ventilation plan at the Upper Big Branch Mine safe to operate under?

MR. BLANKENSHIP: The ventilation requirement on the long wall was that there be 30,000 cubic feet per minute of air. Three minutes or four minutes before the explosion, it appears there was twice that, or 60,000 or 57,000 cubic feet per minute of air. We typically run our long walls at Massey somewhere over 100, 120,000 if we can just for the safety factor. Because on a normal day, years and years and years, 30,000, 60,000 will be enough. But when you have something abnormal happen, you like to have more air instead of less.

The requirements that MSHA puts on us to effectively reduce the air and the scrubbers and some of the other things they're doing we think are counterproductive. But again, it's hard to get true dialogue about that many times, and we're hoping that by speaking out, we'll at least get some attention on ventilation.

MR. BJERGA: When you were seeing the readings and the ventilation was less than ideal, why did you not shut the mine?

MR. BLANKENSHIP: Again, we didn't see the readings and know the ventilation was less than ideal. What we had was a two-day shutdown while we argued, debated, discussed with MSHA, whatever, that we didn't like the ventilation plan. We ultimately decided that the ventilation plan would be safe, even though we didn't think it was the safest. We didn't expect a large inundation of gas that it appears that we had. So we thought the mine was safe. We just liked more protection and higher levels of air. We like to run our scrubbers and our filters. We like to dump our air out of the mine as soon as we can once it's dirty, once it's used, in use to clean the face where the miners are.

We like to use bleeders. We don't believe forcing people to walk in old works to check air when you can check the air that went in and came out. There's a long list of things that you wouldn't be able to follow unless you're a coal miner. But the main thing is the laws of physics pay no attention to the laws of the politicians. They only pay attention to the science and the math.

MR. BJERGA: With the benefit of hindsight, what could you have done, and what have you done, to minimize the chance of an explosion like the one that claimed 29 lives?

MR. BLANKENSHIP: What I could have done is been more like a normally am. I probably should have sued the first time they shut a scrubber off, rather than waiting for them to shut off 63 of them. It's a situation where, you know, we all live within society. Society has rules, society has laws. We all believe in the rule of law. We all believe in the Constitution and so forth, fundamentally. So it's a big step for a big corporation to resist what a government is requiring them to do.

You know, when you sue EPA as the National Mining Association did in the last few days, or you sue MSHA, as we did, or you take those kinds of actions, they're extremely bold. They get you a terrible reputation, if you will, of being unreasonable. But actually, that is becoming more and more necessary because again we're not basing laws on reasonable environmentalism, or safety and so forth. So the more the country goes in that direction, the more I think you'll see not only the coal companies, but many of the companies resist the efforts of EPA and others that are impeding their ability to do business and you know, pursue their careers or their happiness, I guess.

MR. BJERGA: Since the explosion in the spring there have been recent news report that Massey mine workers deliberately disabled the methane gas monitor on a continuous mining machine because the monitor repeatedly shut down the machine. Is that what happened?

MR. BLANKENSHIP: There are two methane monitors on the long wall. MSHA, Massey personnel and experts have had access to that long wall now for a couple of months. If someone believes the methane monitors were bridged out, they should take the lid off of it and look. We're not allowed to.

We don't condone it. We discharge people for safety violations routinely. In fact, a large percent of the people that get discharged at Massey over safety violations. My understanding late last night was that one of the two methane monitors had been checked, and had not been bridged out, or disabled if you will. We don't believe in bridging out methane monitors. Again, 7,000 people work hundreds of days a year, you can have most anything happen. And all you can do is have processes and discipline and rules and laws and so forth in place. But I'm personally confident that bridging out methane monitors is not a practice at Massey. I would be equally confident that on occasion people do things they shouldn't do.

MR. BJERGA: Statistics published in media outlets show that there's a significant safety advantage, especially when it comes to fatalities, at mines where the workers are represented by a union over those where they're not. For example, there was only one union member killed at a local mine last year. And none of the 40 killed so far this year have been union members.

Given the fact that unions represent about one-third of miners, and even more than that underground, how do you account for this? And why does it not lead you to rethink your opposition to unions in your mines?

MR. BLANKENSHIP: First of all, there's not a whole lot of union miners still around. You know, most of the union miners have long since lost their jobs. But, a lot of the union mines that were in play in the past did have major explosions. I'm not a 100% sure, but I suspect Farmington was union. There's been a lot of union disasters in the past. I think it's very dangerous for the mine workers to be suggesting that union mines are safer than non-union mines, because you never know what's going to happen next.

But how I would explain that they're mostly non-union? Most of the mines are non-union. But I don't know any other explanation than these things tend to run in cycles. It's like at Massey we went a year and a half without a single fatality. And then we've had this rash of fatalities. And hopefully we'll go on a streak and not have another one for years and years.

MR. BJERGA: A recent study by the Natural Resources Defense Council found that only a fraction, 11%, of mountain top mining sites have been reclaimed for economic development. Given this, why should coal companies continue to get variances to level mountain tops?

MR. BLANKENSHIP: That's interesting, you know at one time Washington, DC and New York were two of the prettiest areas in the world. They're all concrete with no plans to reclaim them, or plant any trees. We plan about a million trees a year. The fact that only 11% are being used for industrial purposes doesn't tell the whole story.

We've done a lot of reclamation. There are a lot of sites that are accessible because of the mining. If you came there and you wanted to enjoy the mountains in the past, unless you were in great condition and could hike to the top, you couldn't get there. So wild life is more prevalent, wetlands are more prevalent. The environmental damage of surface mining at the end of the day is very minimal in my view.

During the process it's like a large construction project. You know, large disturbed construction project so in a rainstorm you get more water runoff, which we try to control. But all these projects are not going to be industrial projects, or school projects, or highways or whatever. But at the end of the day the reclamation and so forth, it would be difficult for somebody to find out where the jobs were. If you come to Appalachia in 20-25 years I doubt you could find the site of the surface mines that are active today.

MR. BJERGA: How big of a customer is China for your coal?

MR. BLANKENSHIP: Not very big. Asia is pretty big. You know, India probably being the biggest, and Asia. A lot of people don't realize, not that this is too important to this group, but China and India are greatly different in respect to coal. The Chinese have tremendous coal reserves and an ability to meet a lot of their need for coal internally as it grows. India has little or not metallurgical coal by high quality standards. So they have to import a lot of their met coal to meet their growth. So China is pretty well self contained, and India imports a lot of coal. So they're the primary customer in Asia.

MR. BJERGA: This questioner writes, "I'm concerned that we may be running out of coal that can be mined by conventional means, especially in West Virginia, the second largest coal producing state. Could you tell us how much coal is left in the state, and when we might reach peak coal?"

MR. BLANKENSHIP: Well, you have to divide West Virginia basically into two parts, the southern part and the northern part, which are tremendously different in

terms of quality of coal and mining. But in central Appalachia we estimate there's six, seven, eight billion tons, and you're mining about 200 million tons a year, so you could go for 40 years. That number will probably grow as technology improves.

But the U.S. has about 250 billion tons of coal. We have more energy in the form of coal in the United States than the entire Middle East has in the form of oil. It's our greatest resource for avoiding imported oil, or for having a strong economy and homeland security. And it's one that we should cherish as opposed to vilify.

MR. BJERGA: How important of an energy and environmental goal is the concept and application of clean coal?

MR. BLANKENSHIP: Well, I mean, clean coal can be used to describe a lot of things, coal gasification and so forth. But the important thing to remember is that coal is about 70% cleaner than it was 20 or 30 years ago. All the sulfur and NOx and so forth, removals. The only thing about the big distinction between CO2 and other pollutants is that there is no known technology to commercially remove CO2.

CCS, which has been promoted by a lot of people, is not a proven technology. Pumping CO2 underground takes tremendous amounts of energy in itself. And as I said earlier, CO2 is going to be emitted around the world in quantities that cause US CO2 emissions to pale in comparison.

So you go back to pragmatism. And I think that's what has to drive every element of our political thought, our environmental thought, our economic thought, or national security thought. It's just common sense, and thinking through the issues and looking at the fact.

MR. BJERGA: Are efforts to regulate CO2 in the United States completely misguided?

MR. BLANKENSHIP: I think that they're misguided if you're going to regulate them in the United States. You know, you can't solve the amount of CO2 in the atmosphere, or cap it at 350, 400 parts per million by stopping the production of CO2 in the U.S., as I said earlier. So it's misguided to regulate. You know, people think regulation means green. Regulation doesn't mean green if all you're doing is transferring six times the pollution outside the country.

So you shouldn't think of yourself as an environmentalist if you want to cause the U.S. economy to get weaker and weaker because you're actually a polluter.

MR. BJERGA: Then if one is an environmentalist, of the type of which you speak, and one can only affect the environment in the United States, not in China, what would be the most effective approach that one would take to limit CO2 emissions worldwide?

MR. BLANKENSHIP: First of all, you can impact Chinese or anywhere in the world CO2 emissions. It just depends on what kind of a sacrifice you want to make. I don't want to get into telling you what your buying habits and so forth ought to be. But you can impact about anything to some extent.

But the bottom line is that, it all comes back to the facts. These questions and words, "What would you do if you want to reduce mercury in numbers? Would you go where there's 5,000 tons being emitted, or 50 tons?" "Would you continue to loan money to countries to put in coal while you're driving coal miner jobs out of business in this country?" "Would you transfer your aluminum industry and your chemical industry to other countries that perhaps don't have the environmental stewardship that we have?"

So I don't know what you do. I hear words like "protectionist" and "free trade," and I consider myself, a word I created, called "competitionist." I believe if you're going to support free trade, you have to be a competitionist. You have to let the American worker go on the playing field with a chance to win. You can't put the American worker on the playing field, and put all these regulations on his, and put all these employment standards on him, and put all this litigation on him, and expect him somehow to keep his job in competition with countries that don't have that.

So we need to form a new line of thought, competitionists, every time we consider our support or opposition to a bill. We ought to ask ourselves, what environmental impact is it having? What impact is it having on U.S. economy, homeland security and American jobs? Rather than single elements of a bill, whether it be environment or otherwise.

MR. BJERGA: What do you see as the fate of the energy and climate bill in this Congress?

MR. BLANKENSHIP: I don't know, I can't predict Congress very well, so I don't know. I would say that if it doesn't get through this year, it's going to be a long time. And I'm sure President Obama will be doing what he can to get it through. It's not something that I have much influence over, so I'm trying to deal with the other things we've discussed today.

But I do think that you can't say you're for jobs, spend stimulus money and say you want to improve the environment and pass any bill that I've seen introduced over there about it so far.

MR. BJERGA: What are some of the steps you think Congress and the Obama administration can take to jumpstart manufacturing in the United States?

MR. BLANKENSHIP: Well, the simplest thing is regulation. When Reagan ran in '78, '82, whenever it was, he recognized the need to have pragmatic regulation. I think that's what the private businesses asked for a few days ago was less regulation. You know, you got to get somewhere between the Chinese approach and the American approach.

In China if they build a hydroelectric dam, they announced that they're going to close the gates, and if you don't move you're going to drown. That's a little farfetched. Here, 10 and 15 years of permit process, or 20 or 30 years of permit process is nonsensical as well. So we need a reasonable regulation. We need to understand the cost benefit of what regulation we have. And we need to let businesses function as businesses. You know, the government can't run all the businesses. And private business and corporate business is what built America, in my opinion, and we need to let it thrive by, in a sense, leaving it alone.

MR. BJERGA: We're almost out of time. But before asking the last question we have a couple of matters to take care of. First, to remind our members and our guests of future speakers. Next week, on July 27th, Secretary Arne Duncan of the U.S. Department of Education will be addressing the National Press Club. And on September 13th, the Reverend David Beckmann, President of Bread for the World, and this year's winner of The World Food Prize, will speak on Eliminating Hunger, the People and Congress.

Second, I'd like to present our guest with the traditional gift that we give to all of our guests, the treasured National Press Club mug.

MR. BLANKENSHIP: Thank you very much. I appreciate it.

MR. BJERGA: Thank you for coming today. We have one final question for you. This has not been the best year in news headlines for energy extraction. The Massey Coal Company explosion in April was dominating headlines. But even then there was another energy story that was beginning to get more headlines, which was the BP oil spill. And that is still underway.

As you've been watching that story progress, and watching Tony Hayward and BP executives dealing with that crisis, what lessons do you think the BP oil spill may hold for your industry?

MR. BLANKENSHIP: That's a tough question because I've been a little bit busy during the BP oil spill as well. But I think the lesson we all need to learn, quite frankly, is to rely back to the message on truth and fact. If it's more dangerous environmentally, or safety wise, to drill in 5,000 feet of water than you can drill horizontally in 200 feet of water, you should push back government that requires you to drill in 5,000 feet of water.

If you are being required to ventilate in a manner that you think is not the optimum or epitome, even though it may be safe, you need to push back. We need to exercise what you all represent, which is free press and free speech. And we need to make sure that people don't think that because you're a government worker, that you're more moral, more interested in safety, or more right than if you're a corporate worker.

That's the things that we have to learn to do because we're allowing a small group of people to dictate what we do in the field of energy. And many times the industry is falling in line to avoid the criticism, and to avoid the press, and to avoid being called something other than green. And we need not to do that. We need, and we are obligated to, and we should be compelled to speak out, because the knowledge and the vantage point that we have is such that we owe it to our workers, and we owe it to the country.

MR. BJERGA: Thank you to the CEO of Massey Energy Company, Don Blankenship. Thank you also to the National Press Club staff including its Library and Broadcast Operation Center for organizing today's event. For more information about joining the National Press Club, and how to acquire a copy of today's program, please go to our website at www.press.org. Thank you. This meeting's adjourned.

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