Indebt Energy Incorporated, M. T. Pocket Mine

Mine Design Project, Spring 2002, Ryan Murray

Ryan Murray's Mine Design Project received the first place award from PCMIA/SME Pittsburgh Section and first place award from Carlson Software, Inc.

Students' Accomplishments
The award ceremony at PCMIA/SME Pittsburgh Section 2002 Annual meeting at Meadowland, PA can be view at:
SME Pittsburgh Section

Project Executive Summary

The Indebt Energy Incorporated, M.T. Pocket mine is projected to produce 58.7 million tons of Pittsburgh No. 8 seam washed coal in an eleven and one-half year (11 ½) time period. Annual production is estimated to be 5.3 million clean tons, utilizing longwall mining method. Indebt Energy Inc. owns all coal in fee. The mine will require approximately three hundred fifty-one (351) employees, two hundred eighty-one (281) hourly & seventy (70) salary.

Economic Projections were based on the first ten (10) years of mining, as required in this design project. All assets and liabilities total $224.5 million (ending balance) over the ten year evaluation. Total costs over the ten-year evaluation equal $620.8 million, with a per ton cost average of $17.57. As Indebt Energy is a privately owned corporation, operating cash flows are of utmost importance. Ending cash flows for the first ten years of mining total a positive $156.95 million dollars. The total realized net income on a per ton basis is $4.80 /ton.

The net present value of the M.T. Pocket Mine ten-year evaluation is $81.2 million. The rate of return, driven by a $25.00 per ton selling price for 10 years, is estimated to be 35%.

Risks include unforeseen geologic conditions, aggressive production requirements, large expenditures and capital spending, and the marketability of a high sulfur, mid BTU, low ash coal product in the steam coal market.