

## Illinois Coal Travels the World



*Jim Smith, Vice President & CFO  
Knight Hawk Coal*



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Knight Hawk Coal is a privately held coal company located in Percy, Illinois. “We just hit our 20th anniversary, which is pretty phenomenal if you think about some of the things that have gone on in the coal industry,” Jim Smith, Vice President & CFO, says. “We have had 20 years of profitable growth and have always been a very stable, conservatively managed company.”

Illinois has over 1 billion tons of recoverable coal in the state. “That is why we are in Illinois,” Smith says. “It’s where the coal reserves are. That equates to more energy than the remaining oil in Saudi Arabia and Kuwait combined. With this huge amount of energy available in Illinois, that is why we are here. Southern Illinois is just full of natural resources.”

Knight Hawk is working to develop the natural resources in Illinois and is the only coal operator headquartered here. Other large coal producers have operations located in Illinois, but are headquartered elsewhere. “We have chosen to stay in Illinois because the senior management of our company wants to live among the people and be a part of the community,” Smith says. “We’ll stay in southern Illinois.”

Knight Hawk is a small company, with management getting involved hands-on. At the senior management level, there is just an owner, Steve Carter, his two sons, and Smith. “We are a small enough company that I am able to get out and be involved in operations as well,” Smith says. “We all get involved and interact with everything. I get to really see every aspect of the company every day and be involved in everything including working with Mr. Carter on leadership and strategic business development opportunities.”



# Knight Hawk

miles down the road. “We had to open a new portal,” Smith says. “All new buildings and the infrastructure are pretty well done, and now we’re developing an overland belt to take coal from that opening back to our preparation plant. We are sinking a significant amount of capital into this new development.”

The company depends on the Illinois Chamber to help keep business viable for them in Illinois. “It is challenging from a business perspective in Illinois,” Smith says. “There are a lot of reasons why we probably would want to move across the river if we could but we appreciate the Illinois Chamber’s efforts. They are always pushing for tax reform, workers’ comp reform, all these things that will help Illinois businesses. We

recently passed some important legislation; the Governor just signed a bill (HB4415) on the coal mining tax exemption. This is an equipment tax exemption that other manufacturers can use and it was going to be pulled away from the mining industry. It extends the sales tax exemption on mining equipment and machinery five years to July 2023. With this last session there were a few initiatives the Chamber was behind. Looking forward, they’ll be looking at considering the use of Illinois coal in Illinois plants. The Illinois Chamber and Katie Stonewater of the Illinois Chamber Energy Council are involved and understand the types of things we want to accomplish.”

After the Presidential election, business has stabilized for the company. “Since President Trump came into office, he has stopped some of the crazy regulations that weren’t necessary,” Smith comments. “Domestically our markets are stable. The export market, internationally, is now starting to pick up as well. Globally, coal is still growing. We’re now exporting 15-20% of our products where we used to do very little in the international market. We are only a few miles from the Mississippi River, so it is efficient to load coal on a barge, take it down the river to New Orleans and export. Coal is going into India, South Korea, Japan, even Europe. It’s amazing how far Illinois coal will travel.”

Currently, the company is in the process of relocating their Prairie Eagle underground mine about five

