Coal has been mined in Indiana since the 1830s. Before 1850, it was used mostly as fuel for steamboats on the Ohio River, for heating, and by blacksmiths for their forges. The construction of railroads in Indiana, beginning in the 1850s, opened Indiana coal fields to urban and industrial use throughout Indiana and the Chicago region. The railroads themselves became major consumers of coal.

Before the 1920s, almost all coal was mined underground. Production from underground mining peaked at 29 million tons in 1918. Surface mining became more common after the 1920s; in the 1970s, almost all coal produced in Indiana came from surface mines. Today, about 35 percent of Indiana coal comes from underground mines.

By the 1950s, many markets for Indiana coal had disappeared, but these losses were compensated by the increased use of coal by electric utilities. Today, about 97 percent of Indiana coal is used to generate electricity.