

## Section 1: 10-Q (10-Q)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-3473

"COAL KEEPS YOUR LIGHTS ON"



"COAL KEEPS YOUR LIGHTS ON"

HALLADOR ENERGY COMPANY  
(www.halladorenergy.com)

Colorado  
(State of incorporation)

84-1014610  
(IRS Employer  
Identification No.)

1660 Lincoln Street, Suite 2700, Denver, Colorado  
(Address of principal executive offices)

80264-2701  
(Zip Code)

Registrant's telephone number: 303.839.5504

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 3, 2017, we had 29,809,898 shares outstanding.

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**PART I - FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

Hallador Energy Company  
**Consolidated Balance Sheets**  
(in thousands)  
(unaudited)

	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,407	\$ 9,788
Restricted cash (Note 5)	3,428	2,817
Certificates of deposit	2,735	7,315
Marketable securities	1,924	1,763
Accounts receivable	16,776	22,307
Prepaid income taxes	1,588	-
Coal inventory	15,121	10,100
Parts and supply inventory	10,543	10,091
Purchased coal contracts	2,045	8,922
Prepaid expenses	10,401	9,647
<b>Total current assets</b>	<b>73,968</b>	<b>82,750</b>
Coal properties, at cost:		
Land and mineral rights	129,724	126,303
Buildings and equipment	351,334	339,999
Mine development	134,537	126,037
<b>Total coal properties, at cost</b>	<b>615,595</b>	<b>592,339</b>
Less - accumulated DD&A	(196,805)	(169,579)
<b>Total coal properties, net</b>	<b>418,790</b>	<b>422,760</b>
Investment in Savoy (Note 3)	7,986	7,577
Investment in Sunrise Energy (Note 3)	3,966	4,122
Other assets (Note 4)	14,271	14,114
<b>Total assets</b>	<b>\$ 518,981</b>	<b>\$ 531,323</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of bank debt, net (Note 2)	\$ 33,171	\$ 28,796
Accounts payable and accrued liabilities	19,822	19,773
<b>Total current liabilities</b>	<b>52,993</b>	<b>48,569</b>
Long-term liabilities:		
Bank debt, net (Note 2)	174,066	204,944
Deferred income taxes	47,325	45,174
Asset retirement obligations (ARO)	13,699	13,260
Other	1,921	2,486
<b>Total long-term liabilities</b>	<b>237,011</b>	<b>265,864</b>
<b>Total liabilities</b>	<b>290,004</b>	<b>314,433</b>
Stockholders' equity:		
Preferred stock, \$.10 par value, 10,000 shares authorized; none issued	-	-
Common stock, \$.01 par value, 100,000 shares authorized; 29,810 and 29,413 shares outstanding, respectively	298	294
Additional paid-in capital	97,738	93,816
Retained earnings	130,120	122,052
Accumulated other comprehensive income	821	728
<b>Total stockholders' equity</b>	<b>228,977</b>	<b>216,890</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 518,981</b>	<b>\$ 531,323</b>

See accompanying notes.

Hallador Energy Company  
**Consolidated Statements of Comprehensive Income**  
(in thousands, except per share data)  
(unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2017	2016	2017	2016
<b>Revenue:</b>				
Coal sales	\$ 199,280	\$ 207,429	\$ 73,896	\$ 65,360
Equity income (loss) - Savoy	409	(42)	153	26
Equity income (loss) - Sunrise Energy	18	(264)	16	(106)
MSHA reimbursement	1,725	1,753	89	-
Other income	901	1,340	314	487
<b>Total revenue</b>	<b>202,333</b>	<b>210,216</b>	<b>74,468</b>	<b>65,767</b>
<b>Costs and expenses:</b>				
Operating costs and expenses	138,125	142,114	54,354	46,940
DD&A	28,533	26,180	9,729	7,942
ARO accretion	640	764	219	260
Coal exploration costs	566	1,168	152	354
SG&A	12,095	8,076	2,859	2,585
Interest <sup>(1)</sup>	9,662	12,694	3,229	2,601
<b>Total costs and expenses</b>	<b>189,621</b>	<b>190,996</b>	<b>70,542</b>	<b>60,682</b>
<b>Income before income taxes</b>	<b>12,712</b>	<b>19,220</b>	<b>3,926</b>	<b>5,085</b>
<b>Less income taxes:</b>				
Current	(1,158)	(270)	(2,532)	(270)
Deferred	2,151	3,153	2,542	1,033
<b>Total income taxes</b>	<b>993</b>	<b>2,883</b>	<b>10</b>	<b>763</b>
<b>Net income <sup>(2)</sup></b>	<b>\$ 11,719</b>	<b>\$ 16,337</b>	<b>\$ 3,916</b>	<b>\$ 4,322</b>
<b>Net income per share (Note 6):</b>				
Basic and diluted	\$ 0.38	\$ 0.54	\$ 0.13	\$ 0.14
<b>Weighted average shares outstanding:</b>				
Basic and diluted	29,603	29,251	29,774	29,252

(1) Interest expense for the first nine months of 2017 and 2016 includes \$(476) and \$793, respectively, for the net change in the estimated fair value of our interest rate swaps. Such amounts were \$(36) and \$(955) for Q3 2017 and 2016, respectively.

(2) There is no material difference between net income and comprehensive income.

See accompanying notes.

Hallador Energy Company  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2017	2016
<b>Operating activities:</b>		
Cash provided by operating activities	\$ 47,387	\$ 43,691
<b>Investing activities:</b>		
Capital expenditures <sup>(1)</sup>	(21,328)	(11,810)
Proceeds from sale of equipment	506	-
Proceeds from maturities of certificates of deposit	4,580	-
Purchase of Freelandville assets	-	(18,000)
Other	-	186
Cash used in investing activities	(16,242)	(29,624)
<b>Financing activities:</b>		
Payments on bank debt	(27,875)	(26,492)
Bank borrowings	-	15,000
Debt issuance costs	-	(2,090)
Dividends	(3,651)	(3,597)
Cash used in financing activities	(31,526)	(17,179)
Decrease in cash and cash equivalents	(381)	(3,112)
Cash and cash equivalents, beginning of period	9,788	15,930
Cash and cash equivalents, end of period	<u>\$ 9,407</u>	<u>\$ 12,818</u>

(1) We acquired \$3.3 million in capital equipment in the first nine months of 2017 that was prepaid in a prior period.

See accompanying notes.

Hallador Energy Company  
**Consolidated Statement of Stockholders' Equity**  
(in thousands)  
(unaudited)

	Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCI*	Total
Balance January 1, 2017	29,413	\$ 294	\$ 93,816	\$ 122,052	\$ 728	\$ 216,890
Stock-based compensation	-	-	6,384	-	-	6,384
Stock issued on vesting of RSUs	720	4	-	-	-	4
Taxes paid on vesting of RSUs	(323)	-	(2,462)	-	-	(2,462)
Dividends	-	-	-	(3,651)	-	(3,651)
Net income	-	-	-	11,719	-	11,719
Other	-	-	-	-	93	93
Balance, September 30, 2017	<u>29,810</u>	<u>\$ 298</u>	<u>\$ 97,738</u>	<u>\$ 130,120</u>	<u>\$ 821</u>	<u>\$ 228,977</u>

\*Accumulated Other Comprehensive Income

See accompanying notes.

Hallador Energy Company  
**Notes to Consolidated Financial Statements**  
(unaudited)

**(1) General Business**

The interim financial data is unaudited; however, in our opinion, it includes all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the results for the interim periods. The financial statements included herein have been prepared pursuant to the SEC's rules and regulations; accordingly, certain information and footnote disclosures normally included in GAAP financial statements have been condensed or omitted.

The results of operations and cash flows for the nine months ended September 30, 2017, are not necessarily indicative of the results to be expected for future quarters or for the year ending December 31, 2017. To maintain consistency and comparability, certain 2016 amounts have been reclassified to conform to the 2017 presentation.

Our organization and business, the accounting policies we follow and other information, are contained in the notes to our consolidated financial statements filed as part of our 2016 Form 10-K. This quarterly report should be read in conjunction with such 10-K.

The consolidated financial statements include the accounts of Hallador Energy Company (the Company) and its wholly-owned subsidiary Sunrise Coal, LLC (Sunrise) and Sunrise's wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. We are engaged in the production of steam coal from mines located in western Indiana.

**New Accounting Standards Issued and Adopted**

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory ("ASU 2015-11"). ASU 2015-11 simplifies the subsequent measurement of inventory. It replaces the current lower of cost or market test with the lower of cost or net realizable value test. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new standard was applied prospectively and is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods, with early adoption permitted. The adoption of ASU 2015-11 did not have a material impact on our consolidated financial statements.

**New Accounting Standards Issued and Not Yet Adopted**

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company's primary source of revenue is from the sale of coal through both short-term and long-term contracts with utility companies whereby revenue is currently recognized when risk of loss has passed to the customer. Upon adoption of this new standard, the Company believes that the timing of revenue recognition related to our coal sales will remain consistent with our current practice. The Company is currently evaluating other revenue streams to determine the potential impact related to the adoption of the standard, as well as potential disclosures required by the standard. Because we do not anticipate a change in our pattern of revenue recognition, we anticipate that neither method of adoption will have a material impact on our consolidated financial statements, other than the additional disclosure requirements which will apply to us.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 increases transparency and comparability among organizations by requiring lessees to record right-to-use assets and corresponding lease liabilities on the balance sheet and disclosing key information about lease arrangements. The new guidance will classify leases as either finance or operating (similar to current standard's "capital" or "operating" classification), with classification affecting the pattern of income recognition in the statement of income. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. We are currently in the process of accumulating all contractual lease arrangements in order to determine the impact on our financial statements and do not believe we have significant amounts of off-balance sheet leases; accordingly, we do not expect the adoption of ASU 2016-02 to have a material impact on our consolidated financial statements.



## (2) Bank Debt

On March 18, 2016, we executed an amendment to our credit agreement with PNC, as administrative agent for our lenders, for the primary purpose of increasing liquidity and maintaining compliance through the maturity of the agreement in August 2019. The revolver was reduced from \$250 million to \$200 million, and the term loan remains the same. Our debt at September 30, 2017, was \$211 million (term-\$80 million, revolver-\$131 million). As of September 30, 2017, we had additional borrowing capacity of \$69 million and total liquidity of \$83 million.

Bank fees and other costs incurred in connection with the initial facility and the amendment were \$9.1 million, which were deferred and are being amortized over the term of the loan. The credit facility is collateralized by substantially all of Sunrise's assets, and we are the guarantor.

The amended credit facility increased the Maximum Leverage Ratio (Sunrise total funded debt/ trailing 12 months adjusted EBITDA) to those listed below:

Fiscal Periods Ending	Ratio
September 30, 2017 through March 31, 2018	4.25X
June 30, 2018 and September 30, 2018	4.00X
December 31, 2018	3.75X
March 31, 2019 and June 30, 2019	3.50X

The amended credit facility also requires a Debt Service Coverage Ratio minimum of 1.25X through the maturity of the credit facility. The amendment defines the Debt Service Coverage Ratio as Sunrise's trailing 12 months adjusted EBITDA/annual debt service.

At September 30, 2017, our Maximum Leverage Ratio was 2.42, and our Debt Service Coverage Ratio was 2.19. Therefore, we were in compliance with those two ratios.

The interest rate on the facility ranges from LIBOR plus 2.25% to LIBOR plus 4%, depending on our leverage ratio. We entered into swap agreements to fix the LIBOR component of the interest rate to achieve an effective fixed rate of ~5% on the original term loan balance and on \$100 million of the revolver. The revolver swap notional value steps down 10% each quarter which commenced on March 31, 2016.

At September 30, 2017, we were paying LIBOR of 1.24% plus 3.50% for a total interest rate of 4.74%. We anticipate this stepping down to LIBOR plus 3.00% in November, 2017.

Bank debt less debt issuance costs are presented below (in thousands):

	September 30, 2017	December 31, 2016
Current debt	\$ 35,000	\$ 30,625
Less debt issuance cost	(1,829)	(1,829)
Net current portion	<u>\$ 33,171</u>	<u>\$ 28,796</u>
Long-term debt	\$ 175,742	\$ 207,992
Less debt issuance cost	(1,676)	(3,048)
Net long-term portion	<u>\$ 174,066</u>	<u>\$ 204,944</u>

### (3) Equity Method Investments

We own a 30.6% interest in Savoy Energy, L.P., a private company engaged in the oil and gas business primarily in the State of Michigan.

We also own a 50% interest in Sunrise Energy, LLC, which owns gas reserves and gathering equipment with plans to develop and operate such reserves. Sunrise Energy also plans to develop and explore for oil, gas and coal-bed methane gas reserves on or near our underground coal reserves.

### (4) Other Assets (in thousands)

	September 30, 2017	December 31, 2016
Other assets:		
Advanced coal royalties	\$ 9,629	\$ 9,296
Marketable equity securities available for sale, at fair value (restricted)*	2,005	2,036
Other	2,637	2,782
Total other assets	<u>\$ 14,271</u>	<u>\$ 14,114</u>

\*Held by Sunrise Indemnity, Inc., our wholly owned captive insurance company.

### (5) Self-Insurance

We self-insure our underground mining equipment. Such equipment is allocated among ten mining units spread out over 18 miles. The historical cost of such equipment is approximately \$256 million.

Restricted cash of \$3.4 million represents cash held and controlled by a third party and is restricted for future workers' compensation claim payments.

### (6) Net Income per Share

We compute net income per share using the two-class method, which is an allocation formula that determines net income per share for common stock and participating securities, which for us are our outstanding RSUs.

The following table sets forth the computation of net income allocated to common shareholders (in thousands):

	Nine Months Ended		Three Months Ended	
	2017	2016	2017	2016
Numerator:				
Net income	\$ 11,719	\$ 16,337	\$ 3,916	\$ 4,322
Less earnings allocated to RSUs	(444)	(429)	(153)	(115)
Net income allocated to common shareholders	<u>\$ 11,275</u>	<u>\$ 15,908</u>	<u>\$ 3,763</u>	<u>\$ 4,207</u>

## (7) Asset Impairment Review

### Carlisle Mine

In December 2016, the deterioration of the North End of the Carlisle Mine (the North End), coupled with lower coal prices led us to determine that the North End could no longer be mined safely and profitably. The sealing of the North End was completed in March 2017.

With the Carlisle Mine remaining in hot idle status, we conducted a review of the Carlisle Mine assets as of September 30, 2017, based on estimated future net cash flows, and determined that no impairment was necessary.

The Carlisle Mine assets had an aggregate net carrying value of \$112 million at September 30, 2017. If in future periods we reduce our estimate of the future net cash flows attributable to the Carlisle Mine, it may result in future impairment of such assets and such charges could be significant.

### Bulldog Mine

In October 2017, we entered into an agreement to sell land associated with the Bulldog Mine for \$4.9 million. As part of the transaction, we will hold the rights to repurchase the property for 8 years. Because of the likelihood of exercising the repurchase option, we will account for the sale as a financing transaction. The Bulldog Mine assets had an aggregate net carrying value of \$15 million at September 30, 2017. Also in October 2017, the Illinois Department of Natural Resources (ILDNR) notified us that our mine application, along with modifications, was acceptable. The permit will be issued upon submittal of a fee and bond which is required to be submitted within 12 months of the notification. We have determined that no impairment is necessary. If estimates inherent in the assessment change, it may result in future impairment of the assets.

## (8) Income Taxes

Our effective tax rate (ETR) was estimated at 8% and 15% for the nine months ended September 30, 2017 and 2016, respectively. Assuming no changes in our expected results of operations, we expect our ETR for the remainder of 2017 to be about the same as the first nine months of 2017. Our ETR differs from the statutory rate due primarily to statutory depletion in excess of tax basis, which is a permanent difference.

## (9) Restricted Stock Units (RSUs)

Non-vested grants at December 31, 2016	733,000
Granted - weighted average price per share on grant date was \$7.99	1,210,000
Vested - weighted price per share on vesting date was \$7.59	(720,500)
Forfeited	(8,000)
Non-vested grants at September 30, 2017 <sup>(1)</sup>	<u>1,214,500</u>

<sup>(1)</sup> Following is the vesting schedule of RSUs.

Vesting Year	RSUs Vesting
2017	270,000
2018	178,250
2019	373,750
2020	231,250
2021	161,250
	<u>1,214,500</u>

On May 25, 2017, the Hallador Energy Company 2008 Restricted Stock Unit Plan (the Plan) was amended and restated to extend the term of the Plan to May 25, 2027, and add 1,000,000 shares to the Plan.

At September 30, 2017, we had 1,267,917 RSUs available for future issuance.

Upon vesting, the shares noted above had a value of \$5.5 million for the nine months ended September 30, 2017, of which \$438,000 was for the three months ended September 30, 2017. Under our RSU plan, participants are allowed to relinquish shares to pay for their required statutory income taxes.

For the nine months ended September 30, 2017 and 2016, our stock-based compensation was \$6.4 million and \$1.8 million, respectively. For the three months ended September 30, 2017 and 2016, our stock-based compensation was \$1.0 million and \$.6 million, respectively.

The outstanding RSUs have a value of \$6.1 million based on the November 3, 2017, closing stock price of \$5.02.

**(10) Subsequent Events**

In October 2017, we declared a dividend of \$.04 per share to shareholders of record as of October 31, 2017. The dividend is payable on November 17, 2017.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
Hallador Energy Company  
Denver, Colorado

We have reviewed the accompanying consolidated balance sheet of Hallador Energy Company and subsidiaries (the "Company") as of September 30, 2017, the related consolidated statements of comprehensive income for the nine and three-month periods ended September 30, 2017 and 2016, the consolidated statements of cash flows for the nine-month periods ended September 30, 2017 and 2016, and the consolidated statement of stockholders' equity for the nine-month period ended September 30, 2017. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information referred to above for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2016, and the related consolidated statements of comprehensive income, cash flows, and stockholders' equity for the year then ended (not presented herein); and in our report dated March 10, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2016, is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ EKS&H LLLP

November 6, 2017

Denver, Colorado

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### THE FOLLOWING DISCUSSION UPDATES THE MD&A SECTION OF OUR 2016 FORM 10-K AND SHOULD BE READ IN CONJUNCTION THEREWITH.

Our consolidated financial statements should also be read in conjunction with this discussion. The following analysis includes discussion of metrics on a per ton basis derived from the consolidated financial statements, which are considered non-GAAP measurements.

#### Our Coal Contracts

The table below (in thousands, except prices) shows our contracted tons. Some of our contracts contain language that allow our customers to increase or decrease tonnages throughout the year. The table represents the minimum and maximum tonnages we could deliver under existing contracts. In some cases, our customers are required to purchase their additional tonnage needs from us. We fully anticipate making additional sales.

	Minimum Tons to Be Sold			Maximum Tons to Be Sold			Estimated
	Priced Tons	Unpriced Tons	Total Tons	Priced Tons	Unpriced Tons	Total Tons	Prices @ Minimum Tons
2017 (last 3 months)	1,533		1,533	1,590		1,590	\$ 40.96
2018	4,061	-	4,061	4,788	-	4,788	40.71
2019	2,836	810	3,646	3,903	1,210	5,113	42.70
2020	1,810	1,199	3,009	2,210	1,791	4,001	45.57
2021	-	2,009	2,009	-	3,001	3,001	
2022	-	2,009	2,009	-	3,001	3,001	
2023	-	1,620	1,620	-	2,420	2,420	
2024	-	810	810	-	1,210	1,210	
	<u>10,240</u>	<u>8,457</u>	<u>18,697</u>	<u>12,491</u>	<u>12,633</u>	<u>25,124</u>	

Unpriced tons are firm commitments, meaning we are required to ship, and our customer is required to receive said tons through the duration of the contract. The contracts provide mechanisms for establishing a market-based price. As set forth in the table above, we have 8-13 million tons committed but unpriced through 2024. We currently have a minimum of 6.4 million tons contracted for 2017, of which 4.9 million were sold during the first nine months of 2017; we project total contracted tons for 2017 to range from 6.4 to 6.5 million. We expect 2018 sales volumes to be similar and potentially greater than 2017 sales volumes due to the addition of the Princeton Rail Loop which we anticipate being operational in Spring, 2018.

We expect to continue selling a significant portion of our coal under supply agreements with terms of one year or longer. Typically, customers enter into coal supply agreements to secure reliable sources of coal at predictable prices while we seek stable sources of revenue to support the investments required to open, expand and maintain, or improve productivity at the mines needed to supply these contracts. The terms of coal supply agreements result from competitive bidding and extensive negotiations with customers.

#### Asset Impairment Review

See Note 7 to our consolidated financial statements.

## **Liquidity and Capital Resources**

As set forth in our Statement of Cash Flows, cash provided by operations was \$47 million in 2017 and \$44 million in 2016. Our CapEx budget for the next three months is \$10 million, of which \$6.5 million is for maintenance CapEx. Cash provided by operations for the next three months should fund our maintenance capital expenditures, debt service, and dividend.

As referenced in the table below, we have acquired land and begun construction of a rail loop approximately 46 miles south of our Oaktown mining complex. The rail loop is expected to become operational in Spring, 2018 and will provide us direct access to the Norfolk Southern railroad which will increase our customer reach in Indiana and the Southeast.

Other than our surety bonds for reclamation, we have no material off-balance sheet arrangements. Our surety bonds covering reclamation total \$25 million in the event we are not able to perform.

## **Capital Expenditures (CapEx)**

For the first nine months, capex for 2017 was \$24.6 million, including \$3.3 million of non-cash acquisitions, allocated as follows (in millions):

Oaktown – investment	\$	8.5
Oaktown – maintenance CapEx		11.6
Princeton Rail Loop		3.7
Other projects		0.8
Capex per the Cash Flow Statement	\$	<u>24.6</u>

## **Results of Operations**

Oaktown's operating costs were \$26.60/ton and \$29.90/ton for the nine months and three months ended September 30, 2017, respectively. We see Oaktown's costs ranging from \$27 to \$29 for the remainder of 2017. We expect SG&A for the remainder of 2017 to be \$2.9 million and operating costs associated with Prosperity and Carlisle for the remainder of 2017 to be \$1.5 million. Prosperity and Carlisle operating costs were \$1.7 million during the three months ended September 30, 2017. We expect those costs to be \$6 million in 2018.

Quarterly coal sales and cost data (in thousands, except per ton and percentage data). Per ton calculations below are based on tons sold.

	4th 2016	1st 2017	2nd 2017	3rd 2017	T4Qs
Tons produced	1,640	1,917	1,647	1,487	6,691
Tons sold	1,739	1,555	1,548	1,786	6,628
Coal sales	\$ 71,495	\$ 62,555	\$ 62,829	\$ 73,896	\$ 270,775
Average price/ton	\$ 41.11	\$ 40.23	\$ 40.59	\$ 41.38	\$ 40.85
Wash plant recovery in %	67%	67%	61%	69%	
Operating costs	\$ 50,663	\$ 39,692	\$ 44,079	\$ 54,354	\$ 188,788
Average cost/ton	\$ 29.13	\$ 25.53	\$ 28.47	\$ 30.43	\$ 28.48
Margin	\$ 20,832	\$ 22,863	\$ 18,750	\$ 19,542	\$ 81,987
Margin/ton	\$ 11.98	\$ 14.70	\$ 12.11	\$ 10.94	\$ 12.37
Capex	\$ 8,022	\$ 3,093	\$ 10,260	\$ 11,304	\$ 32,679
Maintenance capex	\$ 5,301	\$ 836	\$ 6,581	\$ 4,507	\$ 17,225
Maintenance capex/ton	\$ 3.05	\$ .54	\$ 4.25	\$ 2.52	\$ 2.60

	4th 2015	1st 2016	2nd 2016	3rd 2016	T4Qs
Tons produced	1,608	1,524	1,448	1,501	6,081
Tons sold	1,432	1,629	1,464	1,485	6,010
Coal sales	\$ 65,762	\$ 75,795	\$ 66,274	\$ 65,360	\$ 273,191
Average price/ton	\$ 45.92	\$ 46.53	\$ 45.27	\$ 44.01	\$ 45.46
Wash plant recovery in %	64%	65%	63%	68%	
Operating costs	\$ 46,470	\$ 49,777	\$ 45,397	\$ 46,940	\$ 188,584
Average cost/ton	\$ 32.45	\$ 30.56	\$ 31.01	\$ 31.61	\$ 31.38
Margin	\$ 19,292	\$ 26,018	\$ 20,877	\$ 18,420	\$ 84,607
Margin/ton	\$ 13.47	\$ 15.97	\$ 14.26	\$ 12.40	\$ 14.08
Capex	\$ 4,058	\$ 6,053	\$ 1,822	\$ 3,935	\$ 15,868
Maintenance capex	\$ 1,047	\$ 2,984	\$ 904	\$ 1,709	\$ 6,644
Maintenance capex/ton	\$ 0.73	\$ 1.83	\$ .62	\$ 1.15	\$ 1.11

### **2017 v. 2016 (first nine months)**

For 2017, we sold 4,889,000 tons at an average price of \$40.76/ton. For 2016, we sold 4,578,000 tons at an average price of \$45.31/ton. The decrease in average price per ton is the result of our contract mix, expiration of contracts, and acquisition of other contracts.

Operating costs averaged \$28.25/ton (\$26.60/ton at our operating Oaktown mines) in 2017 and \$31.04/ton (\$28.55 at Oaktown) in 2016. This ~\$2-3 reduction in cost was due to two primary factors. First, we made a conscious effort to produce more tons in the first six weeks of the first quarter, in anticipation of stronger market demand. Secondly, we added new haulage equipment to some of the units at the Oaktown mines; those units are seeing production increases of ~30%. Both of these factors combined led to a 13% increase in production over our 2016 average production. In Q4, we anticipate the arrival of additional haulage equipment and the implementation of a new elevator at Oaktown 1. Both investments will contribute to maintaining our low-cost structure.

SG&A expenses are \$4.0 million higher in 2017 than in 2016 due primarily to a stock bonus of \$3.8 million awarded to three executives as reported in our 8-K filed May 17, 2017.

Our Sunrise Coal employees totaled 714 at September 30, 2017, compared to 737 at September 30, 2016.



### **2017 v. 2016 (third quarter)**

For 2017, we sold 1,786,000 tons at an average price of \$41.38/ton. For 2016, we sold 1,485,000 tons at an average price of \$44.01/ton. The decrease in average price per ton is the result of our contract mix, expiration of contracts, and acquisition of other contracts.

Operating costs averaged \$30.43/ton (\$29.90/ton at our operating Oaktown mines) in 2017 and \$31.61/ton (\$29.57 at Oaktown) in 2016.

### **Earnings (loss) per Share**

	<u>4th 2016</u>	<u>1st 2017</u>	<u>2nd 2017</u>	<u>3rd 2017</u>
Basic and diluted	\$ (.13)	\$ .25	\$ .01	\$ .13

  

	<u>4th 2015</u>	<u>1st 2016</u>	<u>2nd 2016</u>	<u>3rd 2016</u>
Basic and diluted	\$ .02	\$ .21	\$ .19	\$ .14

### **Income Taxes**

Our effective tax rate (ETR) was estimated at 8% and 15% for the nine months ended September 30, 2017, and 2016, respectively. Assuming no changes in our expected results of operations, we expect our ETR for the remainder of 2017 to be about the same as the first nine months. Our ETR differs from the statutory rate due primarily to statutory depletion in excess of tax basis, which is a permanent difference.

### **MSHA Reimbursements**

Some of our legacy coal contracts allow us to pass on to our customers certain costs incurred resulting from changes in costs to comply with mandates issued by MSHA or other government agencies. We do not recognize any revenue until our customers have notified us that they accept the charges.

We submitted our incurred costs for 2012 in June 2015 and received \$1.75 million from one of our customers in June 2016. We received an additional payment of \$1.25 million in Q2 2017 for 2012 costs. As stated above we do not record such reimbursements as revenue until they have been agreed to by our customers.

Incurred costs for 2013 will be submitted in Q4 2017. 2013 costs are expected to be between \$2 million and \$2.7 million. Such reimbursable costs for 2014 through 2016 are not expected to be material.

### **Restricted Stock Grants**

On May 16, 2017, the Board authorized the grant and immediate vesting of 495,000 RSUs to our executives as reported in our 8-K filed May 17, 2017. On May 16, 2017, the grant and vesting date of those RSUs, the shares were valued at \$7.74 per share based upon the closing price on that date.

Under our RSU plan, the participants are allowed to relinquish shares to pay for their required statutory income taxes. Of the 495,000 RSUs granted, 230,057 shares were relinquished back to the Company as consideration for the income taxes due.

As part of our executive Four-Year Compensation Plan, on June 6, 2017, the Board authorized the grant of 645,000 RSUs to our executives as reported in our 8-K filed June 9, 2017. The shares were valued at \$5.3 million based upon \$8.23 per share, the closing stock price on the date of grant. These RSUs vest over four years, with the first vesting date on December 16, 2018.

For the nine months ended September 30, 2017 and 2016, our stock-based compensation was \$6.4 million and \$1.8 million, respectively. For the three months ended September 30, 2017, and 2016, our stock-based compensation was \$1.0 million and \$.6 million, respectively.

## **Bulldog Mine**

See "Item 1. Financial Statements - Note 7. Asset Impairment Review".

## **Princeton Rail Loop**

As noted in the Liquidity and Capital Resources section of Management's Discussion and Analysis, construction has begun on the Princeton Loop, a truck to rail coal loading facility that will be located 6 miles west of Princeton, Indiana, on Highway 64. The facility will include the ability to unload trucks, blend coals, load 135 car unit trains in four hours and store over 4 million tons of coal. The new facility will primarily serve utility coal plants served by Norfolk Southern Railway Company once the rail facility is completed in the spring of 2018.

## **Critical Accounting Estimates**

We believe that the estimates of our coal reserves, our deferred tax accounts, our business acquisitions, and the estimates used in our impairment analysis are our only critical accounting estimates. The reserve estimates are used in the DD&A calculation and in our internal cash flow projections. If these estimates turn out to be materially under or over-stated, our DD&A expense and impairment test may be affected.

We account for business combinations using the purchase method of accounting. The purchase method requires us to determine the fair value of all acquired assets, including identifiable intangible assets and all assumed liabilities. The total cost of acquisitions is allocated to the underlying identifiable net assets, based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and the utilization of independent valuation experts, and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items.

We have analyzed our filing positions in all of the federal and state jurisdictions where we are required to file income tax returns, as well as all open tax years in these jurisdictions. We identified our federal tax return and our Indiana state tax return as "major" tax jurisdictions. We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our consolidated financial position.

## **New Accounting Pronouncements**

See "Item 1. Financial Statements - Note 1. General Business" for a discussion of new accounting standards.

## **Yorktown Distributions**

Yorktown Energy Partners and its affiliated partnerships (Yorktown) own approximately 18.3% of our total shares outstanding as of September 30, 2017. Yorktown has made 14 distributions to their numerous partners since May 2011. Yorktown last distributed shares in November 2016.

If we are advised of another Yorktown distribution, we will timely report such on a Form 8-K.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

No material change from the disclosure in our 2016 Form 10-K.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls**

We maintain a system of disclosure controls and procedures that are designed for the purpose of ensuring that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our CEO and CFO of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective for the purposes discussed above.

There have been no changes to our internal control over financial reporting during the quarter ended September 30, 2017, that materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 4. MINE SAFETY DISCLOSURES**

Safety is a core value at Hallador Energy and our Subsidiaries. As such we have dedicated a great deal of time, energy, and resources to creating a culture of safety. Thus, we are very proud of the mine rescue team at Sunrise Coal who's current list of achievements include reigning National Champions of the Nationwide Mine Rescue Skills Championship and Governor's Award recipient (1<sup>st</sup> place) at the 2017 Indiana Mine Rescue Association Contest.

See Exhibit 95 to this Form 10-Q for a listing of our mine safety violations.

### **ITEM 6. EXHIBITS**

<a href="#">15</a>	<a href="#">Letter Regarding Unaudited Interim Financial Information</a>
<a href="#">31.1</a>	<a href="#">SOX 302 Certification</a>
<a href="#">31.2</a>	<a href="#">SOX 302 Certification</a>
<a href="#">32</a>	<a href="#">SOX 906 Certification</a>
<a href="#">95</a>	<a href="#">Mine Safety Report</a>
101	Interactive Files

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### HALLADOR ENERGY COMPANY

Date: November 6, 2017

/s/ Lawrence D. Martin  
Lawrence D. Martin, CFO and CAO

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## Section 2: EX-15 (EXHIBIT 15)

### Exhibit 15 Letter Regarding Unaudited Interim Financial Information

Hallador Energy Company

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Hallador Energy Company for the periods ended September 30, 2017, and 2016, as indicated in our report dated November 6, 2017. Because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Form 10-Q for the quarter ended September 30, 2017, is incorporated by reference in Registration Statement Nos. 333-163431 and 333-171778 of Hallador Energy Company on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ EKS&H LLLP  
November 6, 2017

Denver, Colorado

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## Section 3: EX-31.1 (EXHIBIT 31.1)

### Exhibit 31.1

#### CERTIFICATION

I, Brent K. Bilsland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hallador Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2017

/s/ Brent K. Bilsland

Brent K. Bilsland, President and CEO

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## **Section 4: EX-31.2 (EXHIBIT 31.2)**

### **Exhibit 31.2**

#### **CERTIFICATION**

I, Lawrence D. Martin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hallador Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures

(as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- e) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- f) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- g) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- h) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

- c) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- d) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2017

/s/ Lawrence D. Martin  
Lawrence D. Martin, CFO

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## Section 5: EX-32 (EXHIBIT 32)

### Exhibit 32

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report (the "Report"), of Hallador Energy Company (the "Company"), on Form 10-Q for the period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof the undersigned, in the capacities and date indicated below, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2017

By: /s/ Brent K. Bilsland  
Brent K. Bilsland, President and CEO

By: /s/ Lawrence D. Martin  
Lawrence D. Martin, CFO

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## Section 6: EX-95 (EXHIBIT 95)

### Exhibit 95 Mine Safety Disclosures

Our principles are safety, honesty, and compliance. We firmly believe that these values compose a dedicated workforce and with that, come high production. The core to this is our strong training programs that include accident prevention, workplace inspection and examination, emergency response, and compliance. We work with the Federal and State regulatory agencies to help eliminate safety and health hazards from our workplace and increase safety and compliance awareness throughout the mining industry. Sunrise has not had a fatality since its establishment in 2005.

Sunrise is regulated by MSHA under the Federal Mine Safety and Health Act of 1977 ("Mine Act"). MSHA inspects our mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. We present information below regarding certain violations, which MSHA has issued with respect to our mines. While assessing this information please consider that the number and cost of violations will vary depending on the MSHA inspector and can be contested and appealed, and in that process, are often reduced in severity and amount, and are sometimes dismissed. We are currently contesting two MSHA citations.

Sunrise has not been issued written notice from MSHA of a pattern of, or the potential to have a pattern of, violations of mandatory health or safety standards that are of such a nature as could significantly and substantially cause and effect health or safety standards under section 104(e) of the Mine Act.

The table that follows outlines citations and orders issued to us by MSHA during the first nine months of 2017. The citations and orders outlined below may differ from MSHA's data retrieval system due to timing, special assessed citations, and other factors.

Definitions:

*Section 104(a) Significant and Substantial Citations "S&S":* An alleged violation of a mining safety or health standard or regulation where there exists a reasonable likelihood that the hazard outlined will result in an injury or illness of a serious nature.

*Section 104(b) Orders:* Failure to abate a 104(a) citation within the period of time prescribed by MSHA. The result of which is an order of immediate withdraw of non-essential persons from the affected area until MSHA determines the violation has been corrected.

*Section 104(d) Citations and Orders:* An alleged unwarrantable failure to comply with mandatory health and safety standards.

*Section 107(a) Orders:* An order of withdraw for situations where MSHA has determined that an imminent danger exists.

*Section 110(b) (2) Violations:* An alleged flagrant violation issued by MSHA under section 110(b) (2) of the Mine Act.

*Pattern or Potential Pattern of Violations:* A pattern of violations of mandatory health or safety standards that are of such a nature as could have significantly and substantially contributed to the cause and effect of coal mine health or safety hazards under section 104(e) of the Mine Act or a potential to have such a pattern.

*Contest of Citations, Orders, or Proposed Penalties:* A contest proceeding may be filed with the Commission by the operator or miners/miner's representative to challenge the issuance or penalty of a citation or order issued by MSHA.

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**Carlisle Mine**

	<u>Section 104(a) Citations</u>	<u>Section 104(b) Citations</u>	<u>Section 104(d) Citations/Orders</u>	<u>Section 107(a) Orders</u>	<u>Section 110(b)(2) Violations</u>	<u>Proposed MSHA Assessments (In thousands)</u>
January	2	0	0	0	0	\$ 1.35
February	1	0	0	0	0	0.40
March	1	0	0	0	0	0.35
April	0	0	0	0	0	0.10
May	0	0	0	0	0	0.35
June	0	0	0	0	0	0.00
July	0	0	0	0	0	0.10
August	0	0	0	0	0	0.10
September	0	0	0	0	0	0.00
Totals	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 2.75</u>

**Oaktown Fuels No. 1**

	<u>Section 104(a) Citations</u>	<u>Section 104(b) Citations</u>	<u>Section 104(d) Citations/Orders</u>	<u>Section 107(a) Orders</u>	<u>Section 110(b)(2) Violations</u>	<u>Proposed MSHA Assessments (In thousands)</u>
January	1	0	0	0	0	\$ 4.05
February	2	0	0	0	0	2.85
March	2	0	0	0	0	3.10
April	3	0	0	0	0	3.40
May	5	0	0	0	0	9.40
June	3	0	0	0	0	1.65
July	5	0	0	0	0	4.15
August	2	0	0	0	0	3.50
September	1	0	0	0	0	2.00
Totals	<u>24</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 34.10</u>

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**Oaktown Fuels No. 2**

	<u>Section 104(a) Citations</u>	<u>Section 104(b) Citations</u>	<u>Section 104(d) Citations/Orders</u>	<u>Section 107(a) Orders</u>	<u>Section 110(b)(2) Violations</u>	<u>Proposed MSHA Assessments (In thousands)</u>
January	2	0	0	0	0	\$ 4.65
February	4	0	0	0	0	5.80
March	2	0	0	0	0	3.00
April	0	0	0	0	0	0.35
May	1	0	0	0	0	3.35
June	1	0	0	0	0	1.25
July	0	0	0	0	0	0.70
August	0	0	0	0	0	1.20
September	1	0	0	0	0	4.90
Totals	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 25.20</u>

**Oaktown Fuels Preparation Plant**

	<u>Section 104(a) Citations</u>	<u>Section 104(b) Citations</u>	<u>Section 104(d) Citations/Orders</u>	<u>Section 107(a) Orders</u>	<u>Section 110(b)(2) Violations</u>	<u>Proposed MSHA Assessments (In thousands)</u>
January	0	0	0	0	0	\$ 0.00
February	0	0	0	0	0	0.00
March	0	0	0	0	0	0.00
April	0	0	0	0	0	0.00
May	1	0	0	0	0	0.30
June	0	0	0	0	0	0.10
July	1	0	0	0	0	0.10
August	0	0	0	0	0	0.10
September	0	0	0	0	0	0.50
Totals	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 1.10</u>

**Ace in the Hole Mine: None**  
**Carlisle Prep Plant: None**  
**Prosperity Mine: None**

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