

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**SMRD DOCKET NO. C13-0021-SC-01-F
APPLICATION OF ALCOA INC. FOR PHASE I, II, AND III RELEASE OF RECLAMATION
OBLIGATIONS FOR 265.3 ACRES FOR THE SANDOW MINE
PERMIT NO. 1F, MILAM AND LEE COUNTIES, TEXAS**

**ORDER APPROVING RELEASE
OF PHASE I, II, AND III RECLAMATION OBLIGATIONS**

Statement of the Case

ALCOA Inc. (Alcoa), P.O. Box 1491, Rockdale, Texas 76567-1491 applied to the Railroad Commission of Texas (Commission), Surface Mining and Reclamation Division, for release of reclamation obligations for 265.3 acres within the Sandow Mine in Milam and Lee Counties, Texas. The application requests Phases I-III release for industrial/commercial land use, a disposal pit permitted by the Texas Commission on Environmental Quality (TCEQ) for placement of bottom ash and fly ash. The application is made pursuant to the Texas Surface Coal Mining and Reclamation Act, TEX. NAT. RES. CODE ANN. Ch. 134 (Vernon Supp. 2014), and "Coal Mining Regulations" Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE Ch. 12 (West 2014).

Permit No. 1F currently authorizes surface coal mining operations at Alcoa's Sandow Mine within its 10,728.6-acre permit area. Copies of the application were filed in required County and Commission offices. No requests for hearing were filed following public notice. The only parties to the proceeding are Alcoa and the Commission's Surface Mining and Reclamation Division (Staff). There remain no outstanding issues between the parties. Based on the information provided by the applicant and its inspection of the area, the Staff recommends a total release of 265.3 acres. The parties have filed waivers of preparation and circulation of a proposal for decision.

After consideration of the application and the Findings of Fact and Conclusions of Law, the Commission approves the release of reclamation obligations as recommended by Staff. Alcoa does not request adjustment to the approved reclamation bond at this time and no new bond has been submitted. An eligible bond reduction amount of \$1,487,116.50 is also determined.

FINDINGS OF FACT

Based on the evidence in the record the following Findings of Fact are made:

1. By letter dated August 14, 2013, Alcoa filed its application with the Railroad Commission of Texas for Phase I-III release on 265.3 acres within the AX Area of Permit No. 1F, Sandow Mine, located in Milam and Lee Counties, Texas. The area requested for release was used as Class II and as Class III disposal areas for fly ash and bottom ash, respectively. The area serves as the long-term ash disposal landfill for the Sandow Units 4 and 5 Power Plant. The proposed release area is located in Milam County within the 17,869-acre permit area. The mine is currently bonded by a collateral bond with letter of credit in the amount of \$27,250,000.
2. By letter dated February 13, 2014, filed with the Hearings Division on February 16, 2014, Alcoa supplemented the application to provide long-term groundwater monitoring data for calendar years 2011, 2012, and 2013, a list of the wells and their locations. In addition, by letter dated April 7, 2014, hand-delivered on April 7, 2014, Alcoa submitted surface water quality data for ponds and long-term stream monitoring stations previously provided by electronic copy.
3. The application is made pursuant to Texas Surface Coal Mining and Reclamation Act, TEX. NAT. RES. CODE ANN. CH. 134 (Vernon Supp. 2014) (Act), and the Coal Mining Regulations, Tex. R.R.

Comm'n, 16 TEX. ADMIN. CODE CH. 12 (West 2014). No filing fee is required. The application was properly certified in accordance with §12.312(a)(3) of the Regulations.

4. Alcoa does not request a reduction in the amount of the approved reclamation bond. The existing reclamation bond for the entire permit area, accepted by Order dated June 17, 2014, is \$27,250,000. Permit No. 1F was approved by Commission Order on August 18, 2009.
5. The areas proposed for release are detailed in the Staff technical analysis (TA) and Inspection Report including location maps, postmine land use maps, and general and structure photographs of the area requested for release. The materials contained in the application and TA and inspection report provide support for the application, as supplemented. The areas requested for release was disturbed by mining operations from 2001 to 2004.
6. By letters dated September 13, 2013, Alcoa sent notice to owners of interests in the areas requested for release and adjacent lands. Alcoa sent notification letters dated September 13, 2013 to local governmental bodies, and other agencies and authorities as required by §12.312(a)(2). Notice was sent to the Milam County Judge and Commissioners Court, the Environmental Protection Agency, the Natural Resources Conservation Service, the U.S. Army Corps of Engineers, the Texas Commission on Environmental Quality, Texas State Soil and Water Conservation Board, Burleson-Lee Soil and Water Conservation District, Taylor Soil and Water Conservation District, Brazos River Authority, Texas General Land Office, Bartlett Electric, Verizon, Manville Water Supply Corporation, Southwest Milam Water Service Company, Blue Bonnet Electric Cooperative, Luminant Power, and Atmos Energy. The areas requested for release are not located within the territorial boundaries of any municipality.

7. Notice of the application was published once a week for four consecutive weeks in the *Rockdale Reporter*, on September 19 and 26, 2013 and on October 3 and 10, 2013. The newspapers are newspapers of general circulation in Milam Counties, in the locality of the surface mining and reclamation operation. The notice of application contains all information required by the Act and Regulations for notice of application for bond release applications. By letter dated October 14, 2013 Alcoa submitted an affidavit of publication with clippings. The published notice is adequate notification of the request for release. The notice included the elements required by §134.129 of the Act and §12.312(a)(2) of the Regulations: the name of the permittee, the precise location of the land affected, the total number of acres, permit number at the time of application and date approved, the amount of bond filed, the type and appropriate dates reclamation work was performed, and a description of the results achieved as they relate to the approved reclamation plan. The notice contained information concerning the applicant, the location and boundaries of the permit area, the availability of the application for inspection and address to which comments should be sent.

8. The Director of SMRD determined the application to be administratively complete by letter dated October 18, 2013. The Staff's Technical Analysis document (TA) was filed with the Hearings Division by letter dated May 15, 2014. Copies of the application were filed for public review at the main office of the Railroad Commission of Texas at 1701 North Congress, William B. Travis Building, Austin, Texas and in the office of the Milam County Clerk, 100 South Fannin, Cameron, Texas 75840, the location of the area requested for release.

9. The Surface Mining and Reclamation Division mailed letters pursuant to §12.312(b) dated October 21, 2013 to the owners of the surface and leaseholders of the area requested for release and to the Office of Surface Mining Reclamation and Enforcement, Tulsa Field Office (OSM). The notification letters stated that a release had been requested and, pursuant to §12.312(b)(1), advised them of the

opportunity to participate in the on-site inspection scheduled for September 11, 2013. In addition, the Commission sent notice by certified mail to the County Judges of Milam and Lee Counties by letters dated September 17, 2013, as required by §134.133 of the Act.

10. No adverse comments or written objections were filed regarding the request for release. No requests for hearing or informal conference were filed pursuant to §12.313(d).
11. SMRD Inspection and Enforcement staff conducted its inspection of the areas requested for release accompanied by representatives of Alcoa. The Inspection Report was dated December 13, 2013. The report supports release of Phase I, II, and III reclamation obligations as documented for the acreage, as supplemented by Staff analysis of the groundwater and surface water data.
12. The postmine land use within the area proposed for Phase I, II and III release is industrial/commercial land use. The area was used for the disposal of Class II fly ash and Class III bottom ash.
13. No concerns with erosion were noted by Staff and no rills or gullies were observed or noted in Staff's inspection. (§12.389)
14. All acreage requested for release from Phase I reclamation obligations has met Phase I requirements for backfilling, regrading, and drainage control as required by §12.313(a)(1) of the Regulations and may be approved for Phase I release.
 - (a). The areas requested for Phase I release are stable with no active erosion evident.
 - (b). After mining operations occurred in the area requested for release, disposal of fly ash and

bottom ash occurred, and final grading of the area was accomplished between 2003 and 2006 in accordance with the approved permit and the Regulations. The mined area has been regraded to its approximate original contour, all highwalls have been eliminated, suitable topsoil and subsoil materials have been placed over regraded soil, and no cut-and-fill terraces have been constructed (§12.385).

- (c). Soil-testing data does not indicate the presence of acid- and/or toxic-forming materials in the top four feet of postmine soil (§12.386). By letters dated December 14, 2004, January 16, 2006, July 20, 2011, March 30, 2012, and April 9, 2013, Alcoa submitted soil-testing data for the soil-testing grids located within the areas requested for release. By letters dated March 4, 2005, June 23, 2006, August 11, 2011, June 15, 2012, and June 5, 2013, SMRD determined and notified Alcoa that the soil-testing data did not indicate the presence of acid and/or toxic-forming materials in the top four feet of postmine soil (Section V of application, copies of approval letters).
- (d). Surface water runoff from all areas proposed for release of reclamation obligations has been controlled; it previously flowed to the E-Area End Lake by way of Ponds 026 and 016; it now flows to the C Area End Lake that is now a source of water for the power plant. The C-Area End Lake is monitored under the Texas Pollutant Discharge Elimination System Permit No. 00395.
- (e). The area proposed for release of Phase I-III reclamation obligations contains diversions and roads that have been approved as permanent structures, including the following structures: AX Ash Road Extension, AX-1 Road, AX-1 Auxiliary Road, AX-1 Service Road, AX-1 Diversion, and AXDD-1A Diversion.

15. The acreage requested for release has met requirements for completion of Phase II obligations for revegetation required by §12.313(a)(2). Vegetation has been established in accordance with the approved reclamation plan, and applicable ground cover performance standards have been met. The areas are not contributing suspended solids to stream flow outside the permitted area in excess of regulatory limits. The areas requested for Phase II release of reclamation obligation have met Phase II revegetation requirements [§12.312(a)(2)] and the requirement that the areas not contribute suspended solids to stream flow outside the permit area in excess of the requirements set by the Act §134.092(a)(10) and Subchapter K of 16 TEX. ADMIN. CODE Ch. 12.

(a). The acres proposed for Phase II release have a postmine land use of industrial/commercial. The land has been reclaimed to and managed in accordance with the approved post-mine land use. (§§12.147 and 12.399).

(c). Vegetation within the proposed release area appears to be healthy and self-sustaining. (§§12.390-12.395).

(d). The ground cover performance standard for industrial/commercial land use is adequacy to control erosion. The groundcover in the area requested for release is adequate to control erosion. [§12.385(c)]. The groundcover is primarily Bermudagrass, Switchgrass, Kleingrass, Wilman Lovegrass, Old World Bluestem, Sideoats Grama and Indiangrass. The road surfacing material for the four roads within the area requested for release is made of flex base and bottom ash. Alcoa submitted the AX-Area Ash Landfill Ground Cover Report by letter dated November 27, 2012; Staff determined that the ground cover was adequate to control erosion by letter dated January 3, 2013. Staff's inspection report dated and signed December

12, 2013 presents evidence sufficient to support the continued health of the vegetation.

- (e). No portions of the areas proposed for Phase II release of reclamation liability had soils classified as prime farmland prior to mining for which additional requirements could apply. (§§12.620-.625).
 - (f). Drainage from the area proposed for Phase II release flows to the C Area End Lake that is now a source of water for the power plant. The C-Area End Lake is monitored under the Texas Pollutant Discharge Elimination System Permit No. 00395. Staff review of the water quality records indicates that the water discharge is compliant with the requirements of the permit and performance standards in the Regulations. (§12.340).
 - (g). No repairs to revegetation caused by rills or gullies are needed (§12.389).
 - (h). No silt dams are present within the area proposed for Phase II bond release. (§12.344).
16. Alcoa has met requirements for Phase III release of reclamation obligations required by §12.313(a)(3) and §12.348 of the Regulations. No extended responsibility period is applicable to the acreage. No water wells are present within the area requested for release for which management or permanent closure might be required (§12.333). Alcoa has submitted groundwater monitoring data for the overburden, spoil and underburden aquifers within and adjacent to the Sandow Mine. This data and Staff analysis of the data show that the requirements for protection of the groundwater required by §12.348 [subparagraph (a), *infra*] have been met. Alcoa has submitted surface water data sufficient to indicate that Alcoa has conducted surface mining activities in accordance with §12.313(a)(3) and

§12.349 to protect surface water quality and quantity for the acreage proposed for release [subparagraphs (b) and (c), *infra*]. Groundwater and surface water quality appear to have followed trends expected from the probable hydrologic consequences (PHC) determination and Staff's Cumulative Hydrologic Impact Assessment (CHIA) for Permit No. 1F.

- (a). The pre-mine overburden aquifers in the reclaimed area have been destroyed. Those aquifers, however, constitute only minor aquifers that generally do not yield significant quantities of water. The underburden aquifers in the Sandow Mine area are separated from the overlying mined spoil by clays five feet or more in thickness. Immediately below this underclay are the shallowest water-bearing underburden units, which are relatively thin silty sand lenses interbedded with clay units and lignite stringers, but have only limited lateral hydrologic extent. The shallowest significant aquifer within the mine area is the Simsboro Formation underlying the lignite-bearing Calvert Bluff Formation. This sandier unit lies tens to hundreds of feet below the underclay and is well developed in Milam and Lee Counties. Alcoa provided an analysis of the groundwater data from nearby long-term groundwater monitoring wells (LTGM) by letter dated February 13, 2014, with two volumes. The data included the entire Sandow Mine Permit 1F long-term groundwater monitoring period of record data through year end 2013. As a part of this information, data was included from groundwater monitoring wells pertinent to the area requested for release. Data monitoring concentrations of total dissolved solids (TDS) from Spoil Monitoring Wells SP-17 and SP-36 indicate that concentrations of TDS have reached a maximum and appear to be decreasing. Spoil Well SP-21 has a slight upward trend. The TDS concentrations in Overburden Well C-1RR-OB, approximately 7,000 feet east of the proposed release area, monitoring the Calvert Bluff, has an average TDS of 879 mg/L and concentrations have been steady. Long-term data were presented for Underburden Well SW2-UB, approximately 7,000 feet east of the

proposed release area, monitoring the Simsboro, that has had an average concentration of TDS of 253 mg/L, and concentration levels have been steady. The TDS concentrations in Underburden Well AX2077A in the southern part of the release area, monitoring the Simsboro, are steady, with an average concentration of 316 mg/L. For water quantity, data reflects that seasonal rises and drops in water levels are occurring, indicating that the water levels appear to have stabilized or are approaching stability.

(b). Surface waters from the release area previously drained to Ponds 016 and 026, the C-Area End Lake, and the E-Area End Lake and were monitored under the Texas Commission on Environmental Quality (TCEQ) TPDES (Texas Pollutant Discharge Elimination Permit No. 00395 issued to Alcoa for monitoring of wastewater discharges from the Sandow Mine. Drainage is now monitored at the C- Area End Lake. Long-term data for pond and lake discharges were analyzed for pH, TSS (total suspended solids), total iron (Fe) and flow. The periods of record for the ponds were: Pond 016, May 1990 – December 1994; E-Area End Lake (019), August 1991-July 2010; and C-Area End Lake, January 2013-June 2013. Quarterly data were analyzed for pH, conductivity, and TDS (total dissolved solids). A summary of the monthly long-term data and a separate summary of the quarterly data for the named ponds and lakes are included in Staff's Technical Analysis. For each pond or lake, the period of record is identified, and minimum, maximum, and average concentrations of each parameter are set out. Based upon the data provided and Staff review, surface water quality has been protected.

(i). The monthly long-term discharge data for pH, TSS, and Fe indicate that all concentrations measured from sampling from Ponds 016, the E-Area End Lake (019), and the C-Area End Lake were within the limitations of the discharge permit.

The average concentration for pH was 7.91 standard units (s.u.) for Pond 016, 8.0 s.u. for the E-Area End Lake (019), and 8.1 s.u. for the C-Area End Lake, all meeting the range of 6.0-9.0 s.u. required by the discharge permit. For TSS, the average was 10.38 mg/L for Pond 016, 5.39 mg/L for the E-Area End Lake (019), and 6.0 mg/L for the C-Area End Lake, all meeting the allowable daily average of 35 mg/L and the allowable daily maximum of 70 mg/L required by the TPDES permit. For Fe, the averages were 0.54 mg/L for Pond 016, 0.22 mg/L for the E-Area End Lake (019), and 0.4 mg/L for the C-Area End Lake. All of these averages meet the allowable daily maximum for Fe of 6.0 mg/L.

- (ii). The periods of record for the individual quarterly pond data are: June 2006-January 2007 for the E-Area End Lake; June 2002-January 2003 for Pond 026, and June 2006-January 2007 for Pond 016. A summary of the individual quarterly pond data reflects similar results as exhibited by the long-term data for the period of record for the constituent pH. As compared to the required 6.0-9.0 s.u. for pH required by the TPDES permit, the averages are: 8.16 s.u. for the E-Area End Lake, 7.8 s.u. for Pond 026, 7.41 s.u. for Pond 016, and 7.93 s.u. for the only sample taken since the C-Area End Lake began discharging (March 2013). The averages for TDS are the following, E-Area End Lake, 353 mg/L; Pond 026, 480 mg/L; Pond 016, 511 mg/L; and 834 mg/L for the one sample for the C-Area End Lake. The averages for the E-Area End Lake, Pond 026, and Pond 016 are within the National Secondary Drinking Water Standards for a maximum concentration of TDS of 500 mg/L. Although the measurement of 834 mg/L for the one sample (March 2013) for the C-Area End Lake exceeds 500 mg/L, Staff anticipates that the concentration will fluctuate through the evapotranspiration cycle.

- (iii). No significant changes in conductivity, that could indicate water quality concerns, were reflected in the summary.

- (c). Data were provided and evaluated for long-term stream monitoring stations monitoring water quality upstream and downstream of the permit area to determine any impacts from surface mining operations. LTMS Station No. 6 is upstream of the permit area located at the upper end of Country Club Creek, immediately downstream from Alcoa Lake. Country Club Creek drains to East Yegua Creek. LTSM Station No. 7, located at East Yegua Creek and Hwy 77, monitors disturbed runoff from the area proposed for release. Discharges from the north mine area, including the area proposed for release flow to East Yegua Creek, then to Somerville Lake (Stream Segment No. 1212 of the Brazos River) and then to Yegua Creek (Stream Segment No. 1211 of the Brazos River). Data from the stream-monitoring stations were compared. Staff included a summary of the data for pH, chloride, sulfate, total iron (Fe), TSS, and TDS for the periods of record for each station.

- (i). The data provided for downstream LTSM Station No. 7 includes composite data from fully and partially reclaimed areas for the period of record October 1979-April 2013. The data provided for upstream Station No. 6 is for a similar slightly shorter period, October 1979-July 2012. Staff provided a summary table of pH, chloride, sulfate, and TDS for these periods of record for each station and a comparison to the annual average TCEQ Stream Segment Standards for these parameters for Segments 1212 and 1211 of the Brazos River Basin. Data was also provided for Fe included in testing for recommended levels set out in the National Secondary Drinking Water Standards. Data was also included for TSS. The table reflects the following:

- (a). The average for pH for each station for the period of record is within the required annual average range for the stream segments of 6.5-9.0 s.u.
- (b). The average concentration of chloride for the period of record for each station is less than the maximum allowable annual average (59.1 at Station 6, and 89.7 mg/L at Station 7. Although a decreasing trend in concentrations was observed from the data at upstream Station No. 6 and an increasing trend in concentrations was observed from the data at Station No. 7, the average concentration at downstream Station No. 7 is less than the maximum allowable annual average. Both are less than the maximum annual average allowable for Segments 1212 and 1211 of the Brazos River Basin, 100 mg/L and 140 mg/L, respectively.
- (c). The average concentration for the period of record for sulfate for upstream Station No. 6 (88.6 mg/L) is less than the maximum annual average concentration for both segments (100 mg/L for Segment 1212 and 130 mg/L for Segment 1211). The average concentration of sulfate for downstream Station No. 7 (188.3 mg/L) slightly exceeds the maximum annual average for both stream segments (100 mg/L for Segment 1212 and 130 mg/L for Segment 1211). Staff attributes these data as likely related to the application of agricultural fertilizer to reclaimed areas and indicates that the concentrations can be expected to return to levels similar to those of Station No. 6 over time.
- (d). There is no stream segment standard for total iron or TSS. The National

Secondary Drinking Water Standards have a recommended maximum limit of 0.3 mg/L for iron. Staff indicates that the average concentrations of iron, 0.9 mg/L for upstream Station No. 6 and 0.8 mg/L for downstream Station No. 7, and the average concentrations of TSS, 16.5 for upstream Station No. 6 and 39.2 for downstream Station No. 7, should not impact downstream water quality. Concentration levels have not been set for livestock watering. The average concentrations are representative of baseline levels. TSS concentrations are lower than baseline conditions probably due to detention of runoff in sedimentation ponds and subsequent establishment of revegetation.

- (e). The flow-weighted average concentration for TDS at upstream Station No. 6 is less than the maximum annual average allowed for Stream Segment Nos. 1212 and 1211, 400 mg/L and 640 mg/L, respectively. The flow weighted average for TDS for downstream Station No. 7, 590.5 mg/L, is in excess of the maximum annual average concentrations for Stream Segment No. 1212, but meets the maximum annual average concentration for Stream Segment No. 1211 (downstream). Staff's analysis included a graph of average flow-weighted TDS concentrations by year indicating an upward trend in TDS from 2007 through 2012 at Station 7. Alcoa explained this increase by indicating that the highest TDS concentration during the period of record (1979-1991), 1685.7 mg/L, occurred between 1979-1991 and that the level is representative of baseline conditions as influenced by runoff from prelaw mined areas (range of 50 mg/L to 6,752 mg/L and an average of 791 mg/L). Because of discharge of flow from dewatering activities, the levels began to

decline from the additional flow from depressurization water until depressurization ceased, when levels again rose, peaking at 808 mg/L in April 2010. At this time an extended drought occurred during which no stream discharge occurred from April 2010-May 22, 2012. Beginning in May 2012, TDS concentrations decreased to approximately 750 mg/L, a level below the baseline average of 791 mg/L. The levels have remained below the baseline average since May 22, 2012. Since then, TDS concentrations have decreased to approximately 750 mg/L, a concentration still higher than the Stream Segment Standards, but lower than the baseline average. Staff analysis indicated that these concentration levels are expected to remain stable.

- (f). There are no water rights located within the area requested for release. Alcoa holds Water Right Permit No. 5803 for the C-Area End Lake, into which runoff from the release area drains, and for Pond 026. A slight change in the quantity of water is expected to result to downstream water users as predicted in the Staff's Cumulative Hydrological Impact Assessment for the mine. Negligible amounts are expected to be lost to evapotranspiration from impoundments as compared to the aggregate amounts of water originating upstream of the cumulative impact area.
- (g). The water quality of the drainage from the proposed release area is suitable for the postmine land use and for other land uses downstream.

17. The eligible bond reduction amount, based upon the Findings of Fact contained in this Order and Staff

calculations, is \$1,487,116.50. No reduction of the \$27,250,000 bond approved by Order dated June 17, 2014, is requested in this application. The acreage in this bond release application is made up of the following phases of reclamation and an eligible bond reduction amount has been calculated as follows: Phases I, II, and III *mined* acreage, 181.2 acres, at a rate of \$5,526 per acre, for a total of \$1,001,311.20 of reclamation costs; and Phases I, II, and III of *disturbed* acres, 84.1 acres, at a rate of \$4,169 per acre, for a total of \$350,612.90 of reclamation costs. The total reclamation costs of mined and disturbed acreage, \$1,351,924.10, plus an amount for administrative costs, calculated at 10% of the eligible bond reduction amount, \$135,192.40, equals a total eligible bond reduction amount of \$1,487,116.50.

18. Alcoa has not requested an adjustment to the approved bond at this time. No replacement bond instrument has been filed.
19. All acres requested for release were marked in the field to distinguish them from active reclamation areas.
20. Appropriate notice as required was provided to landowners, agencies, and the county judges. Notice of Commission consideration of this application has been made.

CONCLUSIONS OF LAW

Based on the above Findings of Fact, the following Conclusions of Law are made:

1. Proper notice was provided for this request for release of reclamation obligations.
2. No hearing was requested or is warranted.

3. Alcoa has complied with all applicable provisions of the Act and the Regulations for release of reclamation obligations for the areas requested for release as set out in the Findings of Fact.
4. The Commission may approve a release of Phases I-III reclamation obligations for 265.3 acres as set out in the Findings of Fact.
5. An eligible bond reduction amount for use in reclamation cost estimates of \$1,487,116.50 may be determined.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the above Findings of Fact and Conclusions of Law are adopted;

IT IS FURTHER ORDERED that a release of Phases I, II, and III reclamation obligations for 265.3 acres is hereby approved;

IT IS FURTHER ORDERED that all areas released from reclamation obligations shall remain clearly marked in the field with permanent boundary markers maintained to distinguish these areas at all corners and angle points from active mining and reclamation areas in accordance with this ORDER;

IT IS FURTHER ORDERED that the current bond remains in effect according to its terms until the Commission accepts a replacement bond;

IT IS FURTHER ORDERED that, as a result of the release of reclamation obligations, the Commission approves an eligible bond reduction amount of \$1,487,116.50;

IT IS FURTHER ORDERED that the Commission may vary the total amount of bond required from time to time as affected land acreage is increased or decreased or where the cost of reclamation changes; and

IT IS FURTHER ORDERED by the Commission that this order shall not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is mailed. If a timely motion for rehearing is filed by any party of interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

SIGNED in Austin, Texas this 8th day of July, 2014.

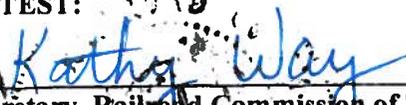
RAILROAD COMMISSION OF TEXAS


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ATTEST:


Secretary, Railroad Commission of Texas

