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WOW, what a great annual meeting. We broke records in attendance, sponsors, exhibitors, golf participants, and who would have guessed that we would have topped the $100,000 auction mark for our Teacher Workshops? You will often hear me say that the Teacher Workshops are one of the best, if not the best, thing we do as an organization. It is obvious that the TMRA “voice” is being recognized and considered, as shown by the excellent slate of speakers that attended the annual meeting. I hope each of you came away understanding that we have influential people on our side promoting and defending mining’s future, even though there are challenges ahead for our industry. TMRA continues to move forward, and is becoming the resource for mining-related information across Texas and beyond, because we have excellent, dedicated, generous members and staff.

We welcome new Executive Committee (EC) members – Chris Sumner, Lhoist North America (Secretary), Mike Altavilla, Texas Westmoreland Coal (Treasurer), Joe Friedlander, North American Coal (Lignite Committee Chairman) and James Gregory, American Talc (Aggregate Committee Chairman). We thank Mike Kezar, San Miguel Electric Cooperative, for years of excellent service on the EC, and for his continued representation on the Board of Directors. We also thank Steve Eckert, who remains on the EC as past chairman in 2013, for providing excellent leadership as the 2012 TMRA Chairman.

With a presumed-to-be tough legislative session approaching, the EC has requested, and the board has approved, proactive initiatives that will serve the membership well. First and foremost, we now have in place communications experts to serve the entire membership through management of legislative/regulatory key messages, public notices/responses, the website, and the communications committee. This initiative was identified as one of the top priorities for TMRA based upon a recent TMRA Strategic Planning Workshop. Second, we have enlisted the services of Dr. Terry Clower, Director of the Center for Economic Development and Research, University of North Texas, a well-recognized Texas economist, to update our coal industry socio-economic impact information in preparation for the legislative session. Dr. Clower performed a similar study for the TMRA uranium members in 2011. Third, the board recently approved administrative support to the executive director in the form of a part-time contractor to continue to move the organization forward and maximize our ED’s efficiency with regard to his internal and external customers, existing and new members, the legislative session, and the overall TMRA mission.

The November 2012 Election, both at the State and Federal levels, has come and gone. The guesswork is over and we now know who we will be working with in the near future to achieve our goal of keeping mining a strong and reliable industry. The Texas Legislature has seen unprecedented change with 44 new members in the House of Representatives and 5 new members in the Senate. We lost numerous legislators with institutional knowledge, but we gained legislators with new and fresh ideas and outlooks. It is up to us, collectively, to forge new relationships, to display our excellent reclamation proudly, to educate new legislators about the “value” of mining in Texas, and to take those to task who try to detract from that “value.” I look forward to the Sine Die party in May 2013, because it will mean that TMRA has successfully concluded another legislative session.

I would like to take this opportunity to express my gratitude to American Electric Power for allowing me to immerse myself in TMRA for close to 20 years. Texas mining has been a part of my life since I was a kid growing up in Northeast Texas. Most who know me would say, “Well, he’s from Winfield, Texas, between Mt. Pleasant and Mt. Vernon.” I prefer to think of growing up between Luminant’s “Winfield North” and “Winfield South” Lignite Mines.

It is both an honor and privilege for me to be a part of TMRA’s leadership team; it is a responsibility that I do not take lightly. The 2013 TMRA Annual Meeting will be back at the Lost Pines Resort in Bastrop, Texas, which is a beautiful venue. My hope is that come October 2013 at the Lost Pines Resort, TMRA’s leadership team is viewed as having been responsible and accountable to its members.
New Members

Mario Sinacola & Sons Excavating, Inc. is a Texas-based company that was formed over 45 years ago. They offer the mining industry a wide range of capabilities including material/product hauling, overburden removal, reclamation, cap rock removal and surface mining. They take pride in their trained personnel and large, late-model equipment that can handle the demanding schedules and difficult terrain conditions associated with mining operations.

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VP Equipment Operations
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James Construction Group is one of the largest heavy civil contractors in the southern United States with annual revenues exceeding $400 million. Established in 1926, mine support operations now stretch from the phosphate mines of south Florida through the lignite mines in Texas.

Bill Morgan, P.E.
Project Manager
James Construction Group
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Belton, TX 76513
Office: 254-939-8610
Fax: 866-397-9169
Cell: 254-760-5021
www.jcgllc.com

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As this issue of Texas Mining hits your mailbox, the 83rd Texas Legislature is convening in Austin for the biennial 140 day Legislative Session. From now until the TMRA Sine Die party on Monday, May 27, the action will be nonstop!

The Comptroller’s Biennial Revenue Estimate will be released in early January. This document forecasts the amount of revenue that will come into state coffers over the next two years and sets the limit on what the Legislature can appropriate for spending. It is anticipated that the state will be in much better financial shape than it has been in several years. Having a surplus rather than a deficit (or, at least, rather than a HUGE deficit) changes the dynamics of the work done at the Capitol. In painful economic times, many issues drop off the legislative radar as all eyes focus on the budget. I do not anticipate this to be the case in 2013. With funds and time on their hands, you never know what the next “great” legislative idea may be. Will it help our industry, harm our industry, or just name a new State Small Mammal of Texas (currently the armadillo)?

At various times during the Session, I will be sending emails to keep the TMRA membership in-tune with the latest happenings. Each of these will have “LEGISLATIVE” in the subject line. Some will be updates meant to keep you apprised, while others will be alerts and calls to action. When you see “TMRA LEGISLATIVE ALERT!” in your inbox, I implore you to take the time to read that message. There is power in numbers, and we will rely on each TMRA member to stand up and be heard when our industry is under attack. It might be as simple as a phone call or email to your legislator, or it may be a request to come to Austin and visit offices with the lobby team.

Dr. Terry Clower, Director of the Center for Economic Development and Research at the University of North Texas, is putting the final touches on a comprehensive economic impact report related to lignite mining and coal power generation. He completed a similar report several years ago for the uranium industry. Both of these reports will be invaluable as we educate legislators on the enormous impact our industries have on their districts and the state, from employment numbers to tax revenues that fund local governments.

Having excellent data and a “good story to tell” have little value when left untold. Therefore, TMRA has hired Agenda Global, a national communications and public affairs firm, to help share our messages. This is all part of the plan to be proactive rather than reactive. Christian Goff, a firm partner and longtime TMRA friend, will lead those efforts.

I am very pleased to introduce Krissy Lilljedahl as the newest member of the TMRA team. Krissy will be helping on the office and administrative side in Austin. She brings a wealth of organizational experience and has really hit the ground running. Welcome to TMRA, Krissy!

Finally, I hope each of you had a wonderful holiday season - the Powers family sure did. Christmastime with two young kiddos is hard to beat! However, now that the decorations have been stored, the New Year’s resolutions forgotten, and the gifted fruitcake thrown away, it’s time to get serious. It’s January. It’s an odd-numbered year. The Legislature is HERE. Let’s get to work.
2 OUT OF 4
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Economic impact studies provide insight into how the spending associated with a given business activity supports ancillary businesses that spread across a regional or state economy. The flow of spending is divided into three types including direct, indirect, and induced effects. For example, a lignite mining operation purchases equipment, hires employees, acquires consumable supplies ranging from fuel to office supplies, and hires a variety of firms to perform specialized services including equipment repair and maintenance, environmental testing, and even accounting and legal services. These all represent direct effects. Each of the firms providing these goods and services purchase equipment, supplies and services in support of their own business operations, funded, in part, by the sales to the mine. Like ripples from tossing a stone into a pond, the mine’s spending spreads out, but the effects are smaller at each successive ring creating “indirect effects.” The mine hires an electrical contractor, the electrical contractor hires an accountant to prepare their tax returns, the accountant hires a janitorial service to clean their office, and so on. Of course, the original expenditure and successive rounds of spending may not stay in the local economy. For example, diesel fuel used at the mine is likely not refined locally, so the only part of that purchase that has
a local impact is some local transportation and delivery costs. The final component of the impact picture is called “induced” effects. Induced effects come from employees of the mine, the electrical contractor, accountant, janitorial service and others spending a portion of their earnings for goods and services in the economy. When the direct, indirect, and induced effects are added together, even after removing non-local spending, the sum is often greater than the direct effects, which is called the “multiplier” effect.

Economists use input-output models to estimate the successive rounds of spending associated with a given level of direct spending in an industry. These models are built using data reported by the Economic Census, labor market surveys, and other business and household surveys from the US Department of Labor and US Department of Commerce to estimate the trade flows described above. We also know from employment surveys, on average, how many employees it takes to make the products represented by a given sales volume and how much those employees make in salaries, wages and benefits. Finally, based on household surveys, we can estimate how those earnings will be spent including housing, cars, clothes, groceries, entertainment, and the like. How much of the spending stays local is based on the relative presence of industries supplying the goods and services in the study area. If a county does not have a new car dealer, then that portion of household spending is assumed to go elsewhere. Input-output models provide estimates that can be reasonably used to assess the total economic impact of a given industrial activity on a community, county or state.

Intuitively, miners understand how their hard work supports the economy. They know the companies that provide equipment and services to the mine. In the case of coal and uranium mining, they understand that if their products are not available to produce electricity, some manufacturing firm or household may not have the power it needs. Aggregate miners know that construction projects can’t get off of the ground without their work. And, all of the miners realize how taking their families out to dinner means that a cook and a waitress have jobs to support their families. Miners know the importance of their businesses to the state and local economies; they just may not be able to put a number to it. Within the next few weeks, the Center for Economic Development and Research at the University of North Texas will be reporting the findings of a new analysis of the economic impacts of lignite coal mining and associated electricity generation in the state of Texas, similar to the study performed for TMRA’s uranium committee in 2011. When you see the study results, you won’t have to wonder how anyone could come up with such numbers – now you know!

Terry L. Clower is Director of the Center for Economic Development and Research at the University of North Texas. The Center provides economic and public policy consulting services to clients in the private, non-profit, and public sectors. Prior to joining UNT in January 1992, Dr. Clower was employed in private industry in logistics and site location management positions.
First, a little backstory to help understand it all. Capitol Aggregates, Inc. is owned by a San Antonio, Texas-based company, Zachry Construction. Capitol has several rock quarries, sand and gravel operations, a cement plant, and distribution terminals. The two Capitol Aggregates facilities that were considered for the F1 track were the Marble Falls Quarry and Delta Materials Quarry. Marble Falls Quarry mines a Dolomite rock, and is a fractionated plant, which means that there are six distinctly sized stone products which are mechanically blended to “create” certain products. Delta Materials mines a Sandstone rock in a blended rock format, which means the finished products are already “created.” Both materials are high-grade rock products. The Dolomite was considered because of its hard characteristics and strong performance history. The Sandstone was considered, not only because of its hard characteristics, but also because of its skid resistance. This is due to the surface texture of the sandstone.

There was a huge consortium of companies hired for the different areas of site work, paving, supplying construction materials, building construction, etc. A German-based company, Tilke, was in charge of design and engineering the track. They had very specific and stringent specifications for the track itself. In regard to the track surface, it was a complex design. There were three paving surfaces involved: a base course, a binder course and a wearing course. Marble Falls Quarry was to supply materials for all three, while Delta Materials Quarry supplied to the wearing course. The wearing course was the most critical, as it was on the surface and therefore the one that the race cars would be in contact with. Skid resistance was very critical, as was durability and long-term performance of the rocks’ ability to withstand the rigors of the race environment.

In looking at Tilke’s requirements of the aggregates, it became apparent that the rock products we produced at both quarries would not meet their gradation specifications. Both facilities had to re-screen all needed rock fractions to “create” very specifically sized products: basically, single-sized stones, which are critical to the design criteria for the track. This was not an easy task, as we had to rent a portable screening unit, and engineer theoretical proportions that would meet the Tilke specs. All three courses used various sizes and quantities, and had to be kept separated. Fortunately, our experienced staff in both the Quality Control and Production departments succeeded in developing these specialized rock fractions.

The products were shipped to APAC, which was in charge of producing the asphalt. During the asphalt production and the lay down processes, the aggregate was commended for its superior performance. The race track’s surface at completion of the paving pro-
cess was reported as one of the finest that had been used on a Formula 1 Race Track.

The Circuit of The Americas Formula 1 Race Track is a world class facility hosting other race, business and entertainment events. The facility cost approximately $400 million in private funds to build. During the construction process, approximately 1,700 construction jobs were created. Sixteen Texas-based companies were awarded contracts totaling an estimated $50 million. During major events, Circuit of The Americas is expected to draw between 800,000 and 1.2 million spectators annually. In translation, this facility will play a vital role in the local economy – generating an estimated $400-$500 million annually – which in turn means the facility will generate an estimated $4-5 billion in revenue over ten years. The average visitors to the Formula 1 events are from outside the State of Texas. In fact, nearly 80 percent are not from Texas. In addition, the average visitor will stay approximately 4.5 days locally during the event, spending about $1,500 per day. The Circuit of The Americas will employ nearly 300 full-time employees, and more than 3,000 seasonal employees. With that being said, a statement for a very positive economic impact is made.

As you can see, this facility is state-of-the-art and designed to bring entertainment for many years to come. It has been, without a doubt, a project that Capitol Aggregates, Inc. has been very happy to be a part of.
Texas Sales and Use Tax: Manufacturing and Extracting Activities

By Kevin Koller and Eleanor Kim, DuCharme, McMillen and Associates, Inc (TMRA Member)

Background

Texas exempts an otherwise taxable item purchased by a manufacturer if the purchase falls within one of the specific exemption provisions provided by Texas Tax Code §151.318. These manufacturing exemptions are not limited in their applicability to taxpayers that are strictly classified as manufacturers within the manufacturing sector. For example, restaurants may claim the manufacturing exemption on equipment that is used to process food for sale.

The Comptroller’s Office has permitted mining and oil/gas companies to claim the manufacturing exemption after the extraction phase because they are manufacturing, processing or fabricating tangible personal property for ultimate sale. Relevant, past tax decisions on these provisions have generally related to when the manufacturing process actually begins and what items that are used during the manufacturing process qualify for the exemption. The Comptroller’s Office has historically rejected attempts by taxpayers to extend the manufacturing exemption to items used to lift and extract minerals (including oil and gas) from the ground with the exception of items that directly made chemical or physical changes to the items for resale, such as explosives and rippers used in mining or certain chemicals used in in-situ processing. The State’s distinction between the extraction stage and the surface stage in the applicability of the manufacturing exemption was recently challenged in Leoncito Plant, LLC v. Combs and Southwest Royalties, Inc. v. Combs. Both cases involve whether casing and other purchased equipment placed inside a well (downhole equipment) for in-situ mining and oil/gas extraction qualify for the manufacturing exemption under Texas Tax Code §151.318.

Contending that downhole equipment does not qualify, the State has prevailed at the trial court level in each case, and both taxpayers have appealed. The cases are in the early stage of the appellate process.

Two tax cases pending before the Texas Courts of Appeals and related to downhole equipment are prompting the Comptroller’s Office to reconsider the agency’s long-standing tax policy to allow mining and oil/gas companies to claim the manufacturing exemption on purchases of carbon dioxide, chemicals and other materials or equipment that are used to extract minerals. The policy change is being made in order to be consistent with the State’s defense in these pending appellate cases and is not directly dictated by any final court decision.
State Defense in the Court Cases:

The State argued that minerals in place (including oil and gas) are real property and that Leoncito Plant (a uranium mining company) and Southwest Royalties (an oil/gas operator) were not manufacturers with respect to minerals in place.

Without a detailed opinion or elaboration, the district judge in Leoncito Plant granted the State’s motion for summary judgment, essentially holding that the law precluded the exemption under the undisputed facts.

On the other hand, the district judge in Southwest Royalties explicitly relied on existing case law to rule that well casing and other downhole equipment did not directly make the physical or chemical change as required by Texas Tax Code §151.318(a)(2). The district judge did not affirmatively rule that extracting materials from realty cannot constitute manufacturing as argued by the State. Again, both taxpayers have appealed the trial court rulings.

Leoncito Plant v. Combs is pending before the Seventh Court of Appeals, and Southwest Royalties, Inc. v. Combs is pending before the Third Court of Appeals.

Recent Administrative Development – Change in Policy

At the trial court level, Southwest Royalties attempted to refute the State’s argument by providing various tax policy documents demonstrating that the Comptroller’s Office has historically granted the manufacturing exemption with respect to certain extraction activities. For example, the Comptroller’s Office has granted exemptions for explosives, saws, and rippers that actually severed or extracted the product from the ground. The State attempted to distinguish the treatment of those items by calling the policy documents involved “outliers” to the extent they may be inconsistent with the State’s defense in these court cases, and further arguing that any inconsistent policy documents should be given no weight. The district judge, in considering Southwest Royalties, verbally mentioned that he did not agree with the State’s position that oil and gas inside the well are real property but ruled in the State’s favor on the grounds mentioned above.

One of the “outliers” that Southwest Royalties raised was the Comptroller policy of allowing the manufacturing exemption for carbon dioxide. Since the early 1980’s, the Comptroller’s Office has allowed carbon dioxide injected into the formation in connection with in situ mining and oil and gas production to qualify for the manufacturing exemption. Despite acknowledging that mining and oil/gas companies are not performing manufacturing or processing activities when carbon dioxide is used, the Comptroller’s Office has historically ruled that those companies could claim the manufacturing exemption on their CO2 purchases.

Texas Tax Code §151.318 was extensively overhauled in 1997, when the Texas Legislature amended the statute to overrule two major court losses in 1996 relating to manufacturing exemptions. Nonetheless, the Comptroller continued to allow mining and oil/gas companies to purchase carbon dioxide tax free under Texas Tax Code §151.318(b) (1), which exempts “chemicals, catalysts, and other materials that are used during a manufacturing, processing, or fabrication operation to produce or induce a chemical or physical change, to remove impurities, or to make the product more marketable.”

As a result of the State’s defense in Leoncito Plant and Southwest Royalties, the Comptroller’s Office has publicly stated that it is in the process of amending Rule 3.300 (relating to Manufacturing) and creating Rule 3.370 (relating to Natural Resource Material Acquisition and Transportation) to make clear that the manufacturing exemption does not apply to real property. The Comptroller’s office, however, is preserving the exemption for certain oil soluble chemicals and CO2 used to stimulate production and has recently proposed amendments to Rule 3.324 (relating to Oil, Gas, and Related Wells Services) in the Texas Register that states the exemption.

While at this time we do not know how far the policy based on the stated theory that extraction activities involve reality (rather than the mineral) will extend, it is clear that any changes would have an impact on quarries, coal, silica, uranium, and other operations involving extraction from the earth. DMA and TMRA will continue to actively monitor this and similar tax, regulatory, and legislative issues and report as appropriate.

Article written by Kevin Koller and Eleanor Kim, DuCharme, McMillen and Associates, Inc (TMRA Member)
The 2012 TMRA Annual Meeting, held at the Crowne Plaza Riverwalk in San Antonio, Texas, attracted a record number of attendees who enjoyed hunting, golf, the Riverwalk, “Fun Night” at the Buckhorn Saloon, and Tuesday’s meeting with a slate of informative speakers and panel discussions. Please make plans to attend the 2013 TMRA Annual Meeting at the Hyatt Lost Pines in Bastrop, Texas, October 26-30, 2013.
OUTSTANDING!

$115,579.00 raised during the auction

Make plans to attend the 2013 TMRA Annual Meeting at the Hyatt Lost Pines in Bastrop, Texas, October 26-30, 2013

Greg Shurbet (TMRA Chair) introducing TCEQ Chairman Bryan W. Shaw, Ph.D.

Left to Right: standing Brian Sledge, Mike Nasi, Ty Embrey. Sitting Peter Luthiger, Steve Eckert

TCEQ Commissioner Toby Baker

Eric Anderson, North American Coal

Director Joseph Pizarchik – Office of Surface Mining Reclamation and Enforcement
Budgetary woes plagued both lawmakers and their constituencies last session, and unfortunately are projected to resurface this time, although state revenues have markedly improved since 2011. Inevitably, the budget forces a painstakingly honest assessment of the state’s priorities. The final budget adopted by the Legislature last session and certified by the Comptroller cut $15 billion from the previous state budget. There were few corners of Texas that did not feel the severity of these cuts, especially public education.

Last session welcomed a large and starkly conservative freshman class to the Texas Legislature. Republicans enjoyed a supermajority in the House, with 101 seats, which set the tone for the rest of the session. Governor Rick Perry’s emergency items stayed in step with that predominantly conservative profile, including tort reform, renewing the state’s commitment to sovereignty, abolishing sanctuary cities, and other fiscal and social conservative issues. Hydraulic fracturing, smart meters, airport security scans, and Sunset bills for the TCEQ, the Railroad Commission, and the Public Utility Commission were also prominent legislative items during the 82nd Session.

Perhaps the biggest ticket item in Austin two years ago was redistricting. Following the release of the US Census data in 2010, the 82nd Legislature was responsible for reapportioning districts for the state House and Senate, Texas congressional seats for the U.S. House, and the State Board of Education. Redistricting is a traditionally complex, lengthy and contentious process, and typically produces intense gridlock. For the first time in over 20 years, however, both chambers passed redistricting bills. The historical relevance of this accomplishment was quickly shadowed by the convoluted legal process that would soon follow—an ongoing testament to the difficulty of the undertaking. True to form, the 83rd Legislature will likely take up redistricting again this session, as the agreed-upon maps ultimately approved in the federal lawsuit served only for the interim.

As is normal following a redistricting year, there are large freshman classes in both the House and Senate this session. The Senate will see five new members, with 44 new members in the House. This turnover will see new committee chairs, new alliances, and new approaches to old problems, and a huge loss of institutional knowledge concerning issues of importance to TMRA and its members. The Texas House will be comprised of 95 Republicans and 55 Democrats, while the 31-member Texas Senate will have 19 Republicans and 12 Democrats. Of the 150 House members who will be serving, 44 will be new legislators and 25 will be sophomores who have only served one session.

The undoubted learning curve this session will need to be stifled by the genuine need for common sense solutions to a variety of problems. In addition to the budget and related school finance and health care issues, the Legislature faces a pressing need to identify funding and other implementation solutions for State Water Plan and transportation projects. Our lawmaking body is no stranger to extenuating circumstances, but Texas’ distinctive challenges paired with an unprecedented experience deficit will make for an interesting session, to say the least.

Sunset

The Public Utility Commission and the Railroad Commission of Texas are both under Sunset review again this session. Both
agencies’ Sunset bills failed to pass during the 2011 Legislative Session – hence the continued Sunset Commission review. Although the Legislature has resisted efforts to load-up Sunset bills with substantive amendments of late, there is always a risk that provisions unfavorable to industry could be included in those bills. This risk necessitates an increased level of participation and diligence at the statehouse by TMRA and its legislative team.

Lignite Preview

TMRA, member lignite companies, and related organizations such as the Clean Coal Technology Foundation of Texas (CCTFT), the Gulf Coast Lignite Coalition (GCLC), and the Balanced Energy for Texas (BET) Coalition will prioritize education and outreach to new members to ensure that they are brought up to speed on energy issues generally and the specific benefits of the lignite industry in Texas.

A central point of outreach efforts will be the communication of a soon-to-be-released economic benefit study from the University of North Texas. That study is expected to document the significant economic benefits associated with lignite mining and lignite-fired electric generation. Both direct and indirect jobs as well as overall economic activity generated by our industry will be reported on a statewide, regional, and legislative district-by-district basis.

Texas lignite had a successful session in 2011, fending off attacks and supporting permitting timelines and appropriations for the Surface Mining and Reclamation Division of the Railroad Commission. The 2013 session is likely to consist mainly of defense against water-based attacks against lignite mining and coal-fired electricity and efforts to impose a severance and/or use tax on coal and lignite.

At minimum, we are likely to see several bills filed this session that initially or eventually include provisions adverse to the interests of the lignite industry. TMRA, CCTFT, GCLC, and BET will be very busy monitoring and, if necessary, advocating against unfavorable legislation.

Uranium Preview

The TMRA uranium mining industry in Texas is looking forward to being actively engaged during the 83rd Legislature. As part of the Uranium Committee members’ continual effort to create the regulatory certainty that is needed to support a successful and growing industry in Texas, the industry is interested in pursuing permitting processes at the TCEQ which will enable its members to move forward with projects in a reasonable timeframe while giving the public multiple opportunities to learn about the proposed permits and licenses and provide input on uranium mining permitting matters. The industry has worked hard with the Texas Legislature and the state agencies in Texas for years to establish a regulatory environment that is reasonable and will attract more investment in uranium mining operations in Texas. To remain competitive in the global uranium market, improved permitting processes and regulatory certainty are crucial for the industry in Texas.

As it has during past legislative sessions, the industry will closely follow the state budget process and participate where necessary to protect the state agency resources that are needed to regulate the industry. The industry believes it is important that the programs at state agencies, such as the TCEQ and Railroad Commission, are properly funded to timely address the regulatory matters and applications submitted by the industry.

Finally, the industry will oppose any efforts to add taxes or fees that would increase the financial burden already borne. The industry currently contributes significant amounts of tax and fee revenue to federal, state, and local governmental entities and any tax or fee increase placed on the industry at this time could negatively impact both the current operations and the prospects for growth in Texas.

Industrial Minerals Preview

TMRA’s Industrial Minerals Committee members were actively involved last session in the creation of a TCEQ regulatory program for aggregate production operations. The new program creates a registration and inspection program for aggregate production operations to help ensure compliance with environmental regulations. This industry-led effort was a proactive attempt to help distinguish first-class aggregate production facilities with stellar environmental compliance records from the few smaller fly-by-night operations that have cut corners in the past on environmental protections, to the detriment of the industry.

As with most recent sessions, Industrial Minerals companies anticipate another intensive effort in the 83rd Legislature to defend against bills aimed at increased environmental restrictions on industrial mineral production and processing facilities, including special stream segment designations that limit aggregate operations in certain locales, general location restrictions for industrial mineral and other industrial facilities, and a host of land use regulations that aim to restrict siting of new industrial mineral mining and processing operations. As with the other TMRA interests, our industrial mineral members are interested in proactively educating the large number of freshman and sophomore members of the Texas Legislature regarding the important role that our facilities play in the continued economic growth of this great state.

Governmental Affairs and Wrap-Up

As with other recent regular sessions of the Texas Legislature, the TMRA Governmental Affairs Committee will begin meeting regularly in January to identify and monitor bills of interests to TMRA and its members and to pursue a coordinated strategy at the Capitol regarding those measures. This approach has been truly beneficial in protecting members’ operations and related interests in recent sessions. It is of particular utility in addressing the significant educational challenge we will face this session in sharing our message with so many new policymakers.

This article was written by Brian Sledge, Mike Nasi, and Ty Embrey, who are part of the broad legislative consulting team that represents TMRA and its members at the state capitol. Mike is a partner with the Environmental and Legislative Affairs Practice Group at Jackson Walker L.L.P. Brian and Ty are partners at Lloyd Gosselink Rochelle & Townsend and members of its Government Relations Practice Group. The authors would also like to thank Addie Crimmins of Lloyd Gosselink for her contributions to this article.
Aquamatrix Announces New Website

We would like to invite everyone to see our new web page at www.aquamatrix.com. It contains a lot more information on our business, projects and people.

HOLT CAT® Invests in Dubiski High School's Technical Skills Programs

HOLT CAT® and the Caterpillar® Dealer Excellence Fund demonstrated continued support for career development and training of specialized technicians by contributing $54,800 to technical programs at nine schools across Texas.

Recipients included Cedar Valley College (Lancaster), Dubiski Career High School (Grand Prairie), Kilgore College, Laredo Community College, MacArthur High School (San Antonio), Skyline High School (Dallas), South Texas College Diesel Program (McAllen), St. Philip’s College (San Antonio) and Texas State Technical College (Waco).

“When a CAT dealer supports a school’s technical skills program by making a donation, the Caterpillar Dealer Excellence Fund matches it,” said Shaun Manning, technical training director, at HOLT CAT’s ProTech! training facility. “The goal of the program is to help schools develop state-of-the-art curriculum and training to prepare students for future career opportunities.”

ROMCO Equipment Company Announces the Acquisition of Conley Lott Nichols (CLN)

ROMCO Equipment Company, a leading distributor of equipment for the construction, mining and aggregate industries, announces the acquisition of Conley Lott Nichols (CLN), a provider of road construction, aggregate and hydrosedding machinery, headquartered in Dallas, Texas.

“The acquisition of Conley Lott Nichols continues our commitment to growth,” said Robert Mullins, CEO of ROMCO Equipment Co. “After opening our Remote Oilfield Location in Three Rivers, TX earlier this year, supporting our commitment to the oil and gas market, ROMCO now expands its services to the paving and aggregate industries.”

CLN has specialized in meeting the needs of contractors, construction materials producers and municipalities since 1936 by providing quality products and services throughout Texas and beyond. We look forward to serving CLN’s current customers and adding new customers to all product divisions.

On September 28, 2012, ROMCO completed a transaction to purchase all assets of Conley Lott Nichols and retained almost the entire operations staff. To integrate this acquisition, we are creating new paving and aggregate divisions.

“The acquisition of our company was an all around win for all parties,” said Robert Nichols CEO of CLN. “I am especially pleased that our employees will be able to continue to serve our customers into the future. Both companies are family owned and have the same commitment to serving our customers.”

The paving division headed by Guy Brown (formerly General Manager of CLN’s Road Building Division) will include GOMACO,
LeeBoy, Blaw-Knox, and Volvo paving and asphalt compaction products.

FINN hydroseeders will allow ROMCO to participate from ground breaking to hydro-mulching the finished job.

The MPS Aggregate Division led by Donna Bossert (also formerly with CLN) will include McLanahan Universal, Sandvik, TEREX/Finlay and Weir Minerals products and services. ROMCO proudly carries Eagle Iron Works aggregate equipment in most of our 10 dealer locations.

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Luminant’s Workforce Planning: Going Mobile

As we all know, education isn’t just for the classroom, nor is recruiting simply for career fairs. With that in mind, Luminant recently rolled out its new mobile learning center—an interactive education center designed to get our state’s youth excited about possible career opportunities in the energy industry.

Used by our team everywhere from field days to county livestock shows, the flexibility of the mobile center helps share our story far and wide, while the dynamic imagery speaks to a future generation of energy industry employees. In just a few short months on the road, the center has not only generated interest among students, it’s proven an effective tool in supporting our workforce planning and recruiting efforts.

Strategically designed to display up to
three stations, each of which include interactive models and samples, the mobile center easily sparks discussion between the presenter and audience. Both mining and power generation are equally highlighted, with one side of the learning center walking participants through each step of the mining process from permit to release of the land and the opposite side educating students about the generation process from coal delivery to the switchyard. The center also includes a portable, stand-alone steam power plant that can be set up for demonstrations. All displays are flexible and meet the needs of various target age groups.

So far, the center has reached thousands of students, with plans to reach thousands more as it continues its trek across Texas. It’s important to note, though, that “going mobile” has done much more than help us reach our audience, it’s helped us resonate with them – empowering a new generation to learn more about the variety of career paths we have to offer.

### Sabine Mine Promotes Eric Anderson to Environmental Manager

Sabine Mine announced Eric Anderson’s promotion to the position of Environmental Manager. His responsibilities will include overseeing all of the Environmental Department responsibilities at Sabine. Most recently, Eric was the Project Manager for the Rusk Permit Area Environmental Impact Statement. He began working for the company in 2004 as Environmental Specialist and has focused his work in reclamation and permit development.

Upon graduating from Hallsville High School, he received his B.S. Degree in Environmental Science and M.S. in Forestry from Stephen F. Austin State University and a Ph.D. in Soil Science from North Carolina State University.

He and his girls (his wife Charlotte and two daughters, Blanche and Blaire) live in Hallsville. His only regret is not winning the “Name the Dragline” contest in 1984 while in the 5th grade!

### Uranium Energy Corp Receives Final Authorization for the Company’s Goliad ISR Project in South Texas Project is Now Fully Permitted for Production

Uranium Energy Corp. (NYSE MKT: UEC, the “Company”) is pleased to announce that the final authorization has been granted for production at its Goliad ISR Project in South Texas. As announced in previous press releases, the Company received all of the required authorizations from the Texas Commission on Environmental Quality (“TCEQ”), including an Aquifer Exemption (“AE”), and has been awaiting AE concurrence from EPA Region 6. In accordance with regulatory procedure, the EPA reviews AE applications after a Primacy State, such as Texas, has issued a mine permit and AE. EPA Region 6 has now completed its review and has issued its concurrence.

Amir Adnani, President and CEO, stated, “We are very pleased to have received this final authorization for initiating production at Goliad. Our geological and engineering teams have worked diligently toward achieving this major milestone and are to be truly commended. We are grateful to the EPA for its thorough reviews and for issuing this final concurrence. The Company’s near-term plan is to complete construction at the first production area at Goliad and to greatly increase the throughput of uranium at our centralized Hobson processing plant.”

The facility at Hobson is the foundation of the Company’s regional hub-and-spoke operating strategy in the South Texas Uranium Belt, and processes uranium-loaded resins from satellite projects into the final product known as yellowcake or U3O8.
UEN’s Sealy to Speak at International Conference in Vienna and Join Fact-Finding Trip to Tajikistan

Local Expert Sought by Global Governing Bodies for Extensive Experience

Curt Sealy, the Vice President of Strategic Development for Uranium Energy Corp, will travel to Vienna, Austria, this week at the invitation of the International Atomic Energy Agency (IAEA). Mr. Sealy will give a presentation to the Uranium Mining and Remediation Exchange Group of the IAEA. The presentation will focus on current technologies used in uranium mining and reclamation of legacy sites.

At the conclusion of the Vienna conference, Mr. Sealy, along with a handful of other experts from around the world, will join members of the European Commission on a fact-finding mission of abandoned uranium sites in the former Soviet Republic of Tajikistan. The country was previously a supplier of uranium for the Soviet nuclear industry, but is no longer engaged in uranium production. Tajikistan is now faced with the challenges of numerous abandoned mining sites that haven’t been remediated and pose potential public health and safety risks.

Sealy said, “I’m honored to be selected and look forward to providing technical advice and guidance to developing countries because improving the technology associated with uranium production is vital to the success of our industry.” The IAEA and European Commission serve as excellent intergovernmental forums for scientific and technical cooperation in the peaceful use of nuclear technology and nuclear power worldwide.

Mr. Sealy has over 40 years of experience in designing, developing, constructing and providing quality control and quality assurance for large-scale engineering projects, including mines, petrochemical facilities, dams, harbor works, landfills and groundwater and surface reclamation projects. He is a recognized expert on uranium remediation, earth structures and ground improvement techniques, and has authored numerous research papers in his field of expertise.

Uranium Energy Corp is a U.S.-based uranium production, development and exploration company operating North America’s newest emerging uranium mine. The Company’s fully licensed and permitted Hobson in-situ recovery project which has been granted its Mine Permit and is in the initial stages of construction. The Company’s operations are managed by professionals with a recognized profile for excellence in their industry, a profile based on many decades of hands-on experience in the key facets of uranium exploration, development and mining.

Make plans to attend the 2013 TMRA Annual Meeting at the Hyatt Lost Pines in Bastrop, Texas, October 26-30, 2013

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