

SIGNAL PEAK ENERGY, LLC

100 Portal Dr, Roundup, MT 59072

June 4, 2025

The Honorable Pete Stauber
Subcommittee on Energy and Mineral Resources
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

**Re: Signal Peak Energy, LLC's ("Signal Peak") Responses to Written Questions
on H.R. 931**

Dear Chairman Stauber:

This letter responds to the questions submitted by Representative Ansari following my testimony at the May 20, 2025 hearing before the Committee on Natural Resources' Subcommittee on Energy and Mineral Resources on H.R. 931, the Bull Mountains Mining Plan Modification Act.

1. Has Signal Peak ever canceled or terminated a rancher's lease? If so, please list the affected leases and justification for cancelation or termination.

Signal Peak owns a portion of the surface property above its Bull Mountains No. 1 Mine ("Mine"). For more than thirty years, Signal Peak has granted surface grazing rights to third parties under leases specifically providing that these grazing rights shall terminate if the lessee violates the term of the lease, or if Signal Peak required to utilize its surface property to support its mining operations.

Signal Peak terminated one such grazing lease in 2021 when the lessee violated the terms of the lease by engaging in unauthorized subleasing. Later in 2021, Signal Peak notified a second lessee that it required use of its surface property to support the expansion and development of the Mine. Although this lessee filed a lawsuit asserting objections to Signal Peak's exercise of these lease rights, the parties subsequently resolved this matter amicably with Signal Peak agreeing to purchase this lessee's adjacent surface property in its entirety. To be clear, Signal Peak's actions to terminate both leases were undertaken in strict accordance with the terms of these leases.

2. Has Signal Peak ever asked a rancher to sign a non-disclosure agreement? If so, how many?

Since I joined Signal Peak, the company has never asked a rancher to execute a non-disclosure agreement. With regard to the lawsuit referenced in section 1 above, the parties entered into a standard settlement agreement that contained a mutual confidentiality and non-

disparagement clause. Both parties were represented by counsel in connection with this settlement.

3. Has Signal Peak or its contractors or consultants ever modeled whether the deep aquifer has enough water to replace the water the mine is draining from the Bull Mountains? If so, please attach or provide a citation for said modeling.

As a threshold matter, Signal Peak's operations are not "draining" water from the Bull Mountains. Surface and groundwater resources within the subsidence zone are intensely monitored before, during, and after undermining. Signal Peak's biannual and annual hydrology reports and the Montana Department of Environmental Quality's cumulative hydrologic impact assessments disprove this false assertion.

Signal Peak modeled the deep underburden aquifer – a designated potential source of replacement water – in 2015. That model – together with Signal Peak's comprehensive groundwater model – are routinely updated and recalibrated as new data becomes available. Both models have been scrutinized and accepted by the Montana Department of Environmental Quality.

In 2016, environmental advocacy organizations challenged the legal and physical viability of the deep underburden aquifer to serve as a potential source of replacement water. In 2022, the Montana Board of Environmental Review dismissed these claims as legally and factually baseless and admonished the environmental advocacy organizations for misrepresenting the facts and presenting evidence out of context. *In the Matter of: Appeal Amendment Application AM3, Signal Peak Energy LLC's Bull Mountains Mine No. 1, Permit No. C1993017*, Findings of Fact, Conclusions of Law, and Order, No. BER 2016-07 SM (BER June 16, 2022). The Board's Final Order is enclosed as **Exhibit A**.

With respect to the physical availability of the deep underburden aquifer, the Montana Board of Environmental Review specifically found that the aquifer is "massive" and "extends over a broad area throughout the Bull Mountains" approximately "14 miles wide and 22 miles long." The Montana Board of Environmental Review concluded that the deep underburden aquifer "has the characteristics to serve existing and viable designated uses" together with all anticipated mitigations needs.

To date, Signal Peak has not sourced replacement water from the deep underburden aquifer and, given the very minor hydrologic impacts realized after nearly two decades of longwall mining, does not anticipate doing so in the future.

4. Who is the first buyer or off-taker of coal mined by Signal Peak? Does Signal Peak sell its coal to an affiliated company or intermediary entity prior to shipping or for shipping?

Signal Peak sells coal destined for the international market to its marketing and sales affiliate, Global Coal Sales Group, LLC (“GCSG”). In compliance with federal and state law, the sales price paid by GCSG is determined based upon the netback FOB Mine price for these international sales.

5. **In the hearing, you stated that Signal Peak “currently complies with all federal and state laws.” Please provide a list of all crimes that Signal Peak Energy or its executives have been charged with, convicted of or plead [sic] guilty to since you have begun working for the company in February of 2020.**

Signal Peak complies with all federal and state laws. Since I joined Signal Peak in February 2020, no federal or state criminal charges have been asserted against Signal Peak or its executives.

On September 21, 2021, Signal Peak pled guilty to four counts of violation of mandatory health and safety standards pursuant to 30 U.S.C. § 820(d) based upon (1) the failure to secure permits for the disposal of coal slurry in 2013 and 2015, and (2) the failure to report two workplace accidents in 2018. This conduct occurred years before I was hired by Signal Peak. The company paid the requisite fines for each violation immediately at the time of sentencing, did not object to the presentence investigation report prepared by the USPO, and has fully complied with all terms of probation, which has now concluded. In the plea agreement, the U.S. Attorney recommended that the “offense level be decreased by two levels for acceptance of responsibility, pursuant to USSG §3E1.1(a).” As the Government stated at the time of sentencing, this plea agreement was influenced by two mitigating factors: (a) Signal Peak’s significant cooperation with the U.S. Attorneys’ investigations, and (b) the fact that Signal Peak’s owners had no knowledge of and were not involved in unlawful conduct.

Following my hire by Signal Peak in February 2020, the following former Signal Peak employees pled guilty in connection with the conduct identified above, which again predated my employment with Signal Peak:

- **Dale Musgrave** – In December 2021, Mr. Musgrave pled guilty to conspiracy to submit false mine records regarding an employee injury. He was sentenced to two years’ probation and fined \$20,000.
 - **Curtis Floyd** – In January 2023, Mr. Floyd pled guilty to conspiracy to submit false mine records regarding an employee injury. He was sentenced to two years’ probation and fined \$2,000.
6. **According to Mine Safety and Health Administration data, the Bull Mountains mine has had 1,982 reported MSHA violations and 159 accidents since Signal Peak Energy began operating the mine in 2008. This includes hundreds of reported MSHA violations since you began working for Signal Peak. Please summarize the violations**

that have taken place while you have been CEO and the total amount of penalty that Signal Peak has paid in relation to those violations, describe how Signal Peak Energy has sought to remediate or mitigate the damages from those violations, and explain how Signal Peak Energy plans to prevent violations in the future.

Signal Peak is proud of its safety record at the Mine. Underground mining is an inherently dangerous undertaking, and Signal Peak is committed to maintaining a safe workplace for its skilled workforce. Signal Peak demands best safety practices, rigorous and continuing training, and immediate corrective action when safety issues arise. The Mine Safety and Health Administration (“MSHA”) inspects Signal Peak’s operations monthly, and Signal Peak strives to comply with all applicable workplace safety regulations. Alleged violations and associated penalties are available on the Mine Data Retrieval System.

The number of referenced citations issued by MSHA since 2008 is not indicative of poor safety practices by Signal Peak. To the contrary, Signal Peak is recognized as one of the safest underground mines in the United States. By way of illustration, in 2024 Signal Peak received 146 total citations, only 4 of which were deemed “significant and substantial.” And in 2023, Signal Peak received 167 total citations, only 5 of which were deemed “significant and substantial.” During my tenure, MSHA has never determined that Signal Peak met any “pattern of violation” criteria suggesting that the Mine exhibited a chronic pattern of safety and health violations. In fact, Signal Peak has consistently ranked among the top quartile of mines in the United States with respect to the number of “significant and substantial” citations issued by MSHA.

In 2021, to ensure that the Mine consistently followed best mining practices and strictly adhered to applicable law, Signal Peak retained an independent expert to conduct bi-annual audits focusing on the company’s safety and environmental functions. In the most recent audit in 2024, this expert concluded that:

- Signal Peak’s commitment to employee safety, environmental compliance, record-keeping, and operational performance is outstanding. The mining operation ranks at the peak of underground coal industry performance in terms of its adherence to mandatory health and safety standards.
- The Mine’s accident rate frequencies are better than industry norms. Observations of the underground workings and surface facilities demonstrate a sustained and ongoing commitment to industry-leading operating and maintenance standards. Documentation and site visits indicate that Signal Peak fully complies with environmental and permitting requirements.

I trust that the above information fully addresses the questions submitted by Representative Ansari.

June 4, 2025
Page 5

Sincerely,

A handwritten signature in black ink, appearing to read "Parker Phipps". The signature is fluid and cursive, with the first name "Parker" and last name "Phipps" clearly distinguishable.

Parker Phipps
President and CEO
Signal Peak Energy, LLC

Attachment

Committee on Natural Resources
Subcommittee on Energy and Mineral Resources Legislative Hearing
1324 Longworth House Office Building
May 20, 2025
2:00 PM

H.R. 513 (Rep. Higgins), *“Offshore Lands Authorities Act of 2025”*

H.R. 931 (Rep. Downing), To allow certain Federal minerals to be mined consistent with the Bull Mountains Mining Plan Modification, and for other purposes.

H.R. 2250 (Rep. DelBene), *“National Landslide Preparedness Act Reauthorization Act of 2025”*

H.R. 2556 (Rep. Hunt), *“Comprehensive Offshore Resource Evaluation Act of 2025”* or the *“CORE Act of 2025”*

H.R. 3168 (Rep. Valadao), *“National Earthquake Hazards Reduction Program Reauthorization Act of 2025”*

H.R. 3176 (Rep. Begich), To amend the John D. Dingell, Jr. Conservation, Management, and Recreation Act to reauthorize the National Volcano Early Warning and Monitoring System.

Questions from Rep. Ansari for Mr. Parker Phipps, CEO, Signal Peak Energy

1. Mr. Phipps, has Signal Peak ever canceled or terminated a rancher’s lease? If so, please list the affected leases and justification for cancelation or termination.
2. Has Signal Peak ever asked a rancher to sign a non-disclosure agreement? If so, how many?
3. Has Signal Peak or its contractors or consultants ever modeled whether the deep aquifer has enough water to replace the water that the mine is draining from the Bull Mountains? If so, please attach or provide a citation for said modeling.
4. Who is the first buyer or off-taker of coal mined by Signal Peak? Does Signal Peak sell its coal to an affiliated company or intermediary entity prior to shipping or for shipping?
5. In the hearing, you stated that Signal Peak "currently complies with all federal and state laws." Please provide a list of all crimes that Signal Peak Energy or its

executives have been charged with, convicted of or plead guilty to since you began working for the company in February of 2020.

6. According to Mine Safety and Health Administration data, the Bull Mountains mine has had 1,982 reported MSHA violations and 159 accidents since Signal Peak Energy began operating the mine in 2008. This includes hundreds of reported MSHA violations since you began working for Signal Peak. Please summarize the violations that have taken place while you have been CEO and the total amount of penalty that Signal Peak has paid in relation to those violations, describe how Signal Peak Energy has sought to remediate or mitigate the damages from those violations, and explain how Signal Peak Energy plans to prevent violations in the future.

35044292_v3