



## HALLADOR ENERGY COMPANY

February 16, 2011

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Commissioners Casey and Paredes:

I read with pleasure that you recently made it clear that you thought SRCs (smaller reporting companies) such as ours be given an exemption to the Say-on-Pay rules for the upcoming proxy statements rather than just a delay. Reminds me of last year when we were given a permanent exemption on audits re ICFR (internal control over financial reporting). Too bad the other commissioners did not agree with you.

The reason I am writing the two of you is to bring to your attention the waste of money that SRCs have to deal with in a few months: XBRL (eXtensible Business Reporting Language). Sad to say that former Chairman Cox was a big proponent of this fiasco. President Obama said the other day that he wants to purge regulations that are "just plain dumb"; well XBRL is just plain dumb for SRCs if not for all companies. I think the EDGAR filing system is one of the smartest things the SEC ever did but XBRL might just be the dumbest.

I estimate that there are 5,000 companies that trade on the NASDAQ, AMEX or OTC.BB that will have to start filing their Form 10-Qs and Ks using XBRL. We have had many discussions with the XBRL vendors and it looks like the cost for the first year will be in the \$10,000 to \$15,000 range and the second year (with detail tagging) in the \$20,000 to \$25,000 range. Doing the math computes to \$50 million plus for the first year and \$100 million for the second year. This is money that I can guarantee you could be spent on more productive endeavors. I can assure you that the money we would save would go directly into expanding our company and for job creation.

Our company is not followed by any analysts and I doubt if any of the other 5,000 companies are either. Investors who are interested in purchasing our shares could give a rat's rear-end about whether or not we file using XBRL. I would suspect that analysts for the bigger companies are of the some opinion. Over the last several years the only

groups that seem to care about XBRL are the XBRL vendors such as Rivet Software here in Denver and the financial printing firms such as Merrill and Donnelley (Bowne was recently acquired by RR Donnelley).

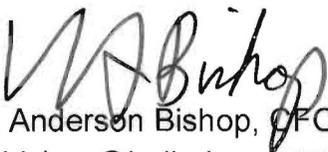
The XBRL software that we will be forced to purchase is not scalable. We pay the same that Exxon pays. I would suggest that you kill the concept for the SRCs or at least delay the implementation for a few years until the costs come down.

I am so glad that we do not have to waste money auditing our ICFR and trust that you are of the same belief and will strive to convince those in OCA to raise the bar from the current \$75 million in public float to at least \$250MM or \$1 billion. I take the 303 and 906 certificates that I sign for each 10-Q and 10-K with the upmost respect and concern and am the last person to want to have to restate previously reported financial statements. I believe that my fellow CFOs that work for public companies are of the same opinion. Many of the regulations that were passed with SOX are fine but the audit of ICFR does not pass the cost/benefit test.

One final note: IFRS (International Financial Reporting Standards) is a bad idea. Don't fall into the trap of what the lawyers are telling you or the big accounting firms. US GAAP is the gold standard and the investors are better served with US GAAP rather than IFRS. I would suggest that you make it optional for public companies to file two sets of financial statements if they think IFRS is such a great idea. But do not, I repeat, do not force it down our throats.

I bet if you anonymously polled the current and former accountants in your own division of Corp Fin and the current and former members of the FASB they would vote thumbs down. Let's quit wasting valuable time on this issue. In any event at least delay the decision to after the 2012 presidential elections. We did not move to the metric system and we should not move to IFRS.

Sincerely yours,



W. Anderson Bishop, CFO  
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C: SEC Chairman Shapiro  
SEC Commissioners Walter and Aguilar  
Senator Mike Bennet: D-CO (attn Brian Appel)  
Senator Mark Udall: D-CO  
Senator Dan Coats: R-IN (attn: Viraj Mirani)  
Senator Dick Lugar: R-IN (attn: Kylin McCardle)