PLACE AT BEGINNING
OF 970001-EI

DECLASSIFIED

SPECIFIED CONFIDENTIAL

EXHIBIT "D"

Per PSC-94-0411-CFO-EI
DECLASSIFIED

DOCUMENT NUMBER-DATE
12154 OCT 16 1992
FPSC-RECORDS/REPORTING

PEABODY COAL COMPANY CONTRACT

I N D E X

1. Termination & release Agreement

2. Coal Supply Closing Agreement

3. Agreement between Peabody & Gulf for the Sale and Purchase of Coal

4. Interim Blending Agreement

5. Disclosure Letter - Gulf to Peabody for the Release of the Contract to Ohio River

6. Interim Agreement for use of BRT in lieu of Shawneetown

7. Fifth Amendment to Ohio River Contract

DOCUMENT NUMBER-DATE
12154 OCT 16 1992
FPSC-RECORDS/REPORTING

PEABODY COAL COMPANY CONTRACT

March 24, 1988

TERMINATION AND RELEASE
AGREEMENT

THIS AGREEMENT made and entered into as of the first day of February, 1988, by and among GULF POWER COMPANY, a Maine corporation ("Gulf"), SOUTHERN COMPANY SERVICES, INC., an Alabama corporation ("Southern") and PEABODY COAL COMPANY, a Delaware corporation ("Peabody").

RECITALS

A. Gulf, Southern and Peabody are all of the parties to that certain Eagle No. 2 Mine Coal Supply Agreement made as of January 1, 1972, as amended ("Eagle Agreement") pursuant to which Peabody as "Seller" and Gulf and Southern as "Buyers" agreed to the purchase and sale of coal under the terms and conditions stated therein.

B. Gulf, Southern and Peabody are all of the parties to that certain Master Coal Supply Agreement made as of December 14, 1970, as amended ("Master Agreement") pursuant to which Peabody as "Seller" and Gulf and Southern as "Buyers" agreed to the purchase and sale of coal under the terms and conditions stated therein.

C. Gulf, Southern and Peabody have agreed to terminate the Eagle Agreement and the Master Agreement under the following terms and conditions.

AGREEMENT

1. Termination.

Gulf, Southern and Peabody hereby terminate the Eagle Agreement and the Master Agreement, effective as of February 1, 1988.

2. Release.

Except for the post-termination obligations stated in Paragraph 3 below, Gulf and Southern release and forever discharge Peabody, and Peabody releases and forever discharges Gulf and Southern from any and all claims, obligations, causes of action, losses, or damages, of any nature whatsoever, now in existence or occurring hereafter, based upon any of the obligations under the Eagle Agreement and the Master Agreement or the performance or non-performance of any such obligation.

3. Post-Termination Obligations.

Notwithstanding the termination and release of the Eagle Agreement and the Master Agreement, Gulf shall remain liable for payment to Peabody, in accordance with the terms of the Eagle Agreement and the Master Agreement, for all deliveries of coal made prior to the date hereof.

Further, Peabody and Gulf acknowledge that certain price adjustments made by Peabody for coal shipped during the period January 1, 1986 through February 1, 1988, pursuant to the Eagle Agreement and the Master Agreement remain subject to Gulf's review. Gulf and Southern agree to complete their review and audit and advise Peabody of any proposed adjustments in writing not later than September 15, 1988. If Peabody disagrees with

Gulf's proposed adjustments, the parties shall negotiate in good faith any adjustment proposed by Gulf for a period of forty-five (45) days to resolve any differences between the parties. If the parties agree on any adjustment, a retroactive adjustment shall be made by payment of any amount due Peabody or Gulf. If the parties do not agree on any adjustment, either party may pursue any legal remedies it may have in that regard.

Further, Peabody and Gulf acknowledge that Peabody has not submitted the following claims: (i) the lump-sum adjustment for the 1987 coal royalty recalculation; and (ii) the 1987 "SMCRA" lump-sum adjustment. Peabody agrees to submit the lump-sum adjustment for the 1987 coal royalty recalculation to Gulf on or before March 31, 1988 and any 1987 SMCRA lump-sum adjustment to Gulf on or before July 31, 1988. Gulf agrees to complete its review and audit of such claims by December 31, 1988. If Gulf disagrees with Peabody's royalty and "SMCRA" lump-sum adjustments, the parties shall negotiate in good faith any such claims submitted by Peabody for a period of thirty (30) days to resolve any differences between the parties. If the parties agree on coal royalty and "SMCRA" lump-sum adjustments, a lump-sum payment shall be made for any amount due Peabody or Gulf. If the parties do not agree on such claims, either party may pursue any legal remedies it may have in that regard.

4. Counterparts.

This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective February 1, 1988, but duly executed by their respective corporate officers thereunto duly authorized, on the 24th day of March, 1988.

GULF POWER COMPANY

By: Earl B. Parsons Jr.

Its: Vice President

SOUTHERN COMPANY SERVICES, INC.

By: _____

Its: _____

PEABODY COAL COMPANY

By: _____

Its: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be effective February 1, 1988, but duly executed by their respective corporate officers thereunto duly authorized, on the 24th day of March, 1988.

GULF POWER COMPANY

By: _____

Its: _____

SOUTHERN COMPANY SERVICES, INC.

By: _____

Its: Vice President, Fuel Services

PEABODY COAL COMPANY

By: _____

Its: _____

COAL SUPPLY
CLOSING AGREEMENT

THIS AGREEMENT, made as of the 24th day of March, 1988, by and among GULF POWER COMPANY, a Maine corporation ("Gulf"), SOUTHERN COMPANY SERVICES, INC., an Alabama corporation ("Southern"), and PEABODY COAL COMPANY, a Delaware corporation ("Peabody").

RECITALS

A. Gulf currently purchases coal from Peabody pursuant to an Eagle No. 2 Mine Coal Supply Agreement by and among Gulf, Southern, Peabody and Alabama Power Company, an Alabama corporation ("Alabama"), dated as of January 1, 1972, as amended ("Eagle Agreement") and pursuant to a Master Coal Supply Agreement by and among Alabama, Gulf, Southern, Georgia Power Company, a Georgia corporation ("Georgia") and Mississippi Power Company, a Maine corporation ("Mississippi"), dated December 14, 1970, as amended, ("Master Agreement").

B. Alabama is no longer a party to the Eagle Agreement.

C. Alabama, Georgia and Mississippi are no longer parties to the Master Agreement.

D. Gulf, Southern and Peabody desire to secure the termination of the Eagle Agreement and the Master Agreement.

E. Gulf and Peabody desire to enter into a new coal supply agreement to replace the Eagle Agreement and the Master Agreement.

NOW, **THEREFORE**, in consideration of the premises, and the covenants and agreements contained herein, as well as for other

good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS.

In addition to the definitions contained in the Recitals, the following terms shall have the following meanings for purposes of this Agreement:

A. "Gulf Coal Supply Agreement" shall mean the proposed new coal supply agreement between Gulf and Peabody substantially in the form attached hereto as Exhibit A.

B. "Termination and Release Agreement" shall mean the proposed agreement between Gulf, Southern and Peabody substantially in the form attached hereto as Exhibit B.

ARTICLE II. CLOSING.

Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated hereby shall take place at the offices of Gulf Power Company, 500 Bayfront Parkway, Pensacola, Florida on March 24, 1988. The date on which the closing occurs is referred to in this Agreement as the "Closing."

AT THE CLOSING:

(1) Gulf, Southern and Peabody shall execute and deliver the Termination and Release Agreement;

(2) Gulf and Peabody shall execute and deliver the Gulf Coal Supply Agreement.

(3) Gulf shall deliver the consideration described in Article III and in the manner provided therein.

Each of the foregoing actions shall be deemed to have occurred simultaneously at the Closing and unless each of such actions is taken none of the other actions shall be taken or be deemed to have been taken, and any acts which may have been performed in respect thereof shall be deemed null and void.

ARTICLE III. CONSIDERATION.

Gulf shall pay Peabody Sixty Million Dollars ($60,000,000.00) as a substantial advance payment for 1,500,000 tons of coal to be shipped during the first ten (10) years under Section 6.0 of the Gulf Coal Supply Agreement. The substantial advance payment is in addition to and not in lieu of payments to be made under the Gulf Coal Supply Agreement. The Sixty Million Dollar ($60,000,000.00) payment shall not be refunded by Peabody to Gulf for any reason whatsoever.

The Sixty Million Dollar ($60,000,000.00) payment shall be paid at the Closing by wire transfer to Peabody's Account No. 20-31425 at Centerre Bank, St. Louis, Missouri, such wire transfer to be of immediately available United States funds.

ARTICLE IV. SURVIVAL.

The covenants and agreements made in this Agreement shall survive the Closing.

ARTICLE V. MISCELLANEOUS.

A. No Third Party Beneficiaries. This Agreement is not intended to create any third party beneficiary rights in any person not a party to this Agreement, regardless of whether any other person may be named herein.

B. Entire Agreement. This Agreement and the exhibits hereto set forth the entire agreement and understanding of the

parties with respect to the transactions contemplated hereby and supercede all prior agreements, arrangements, undertakings and representations, oral or otherwise, relating to the subject matter hereof. This Agreement may not be changed, modified, altered or amended except by an Agreement in writing signed by the party against whom enforcement of any change, modification, alteration or amendment is sought. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right to enforce the same. No waiver by any party of any condition, or of the breach of any term, provision, covenant, representation or warranty contained in this Agreement or in connection with the transactions contemplated hereby, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or constructed as a further or continuing waiver of any such condition or of the breach of any other term, provision, covenant, representation or warranty.

C. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

D. Headings. The article and section headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

E. Payment of Fees and Expenses. Each party hereto shall pay all fees and expenses of its own counsel, accountants and

other experts and all other expenses incurred by it incident to the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated hereby.

F. Governing Law. This Agreement shall be governed and construed under the laws of the State of Florida.

IN WITNESS WHEREOF, Peabody, Southern and Gulf have each caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

PEABODY COAL COMPANY

By: _____

Its: _____

SOUTHERN COMPANY SERVICES, INC.

By: _____

Its: _____

GULF POWER COMPANY

By: Earl B. Parsons Jr.

Its: Vice President

other experts and all other expenses incurred by it incident to the negotiation, preparation and execution of this Agreement and the consummation of the transactions contemplated hereby.

F. Governing Law. This Agreement shall be governed and construed under the laws of the State of Florida.

IN WITNESS WHEREOF, Peabody, Southern and Gulf have each caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the day and year first above written.

PEABODY COAL COMPANY

By: _____

Its: _____

SOUTHERN COMPANY SERVICES, INC.

By: _____

Its: Vice President, Fuel Services

GULF POWER COMPANY

By: _____

Its: _____

EXHIBIT A

AGREEMENT BETWEEN PEABODY COAL COMPANY
AND GULF POWER COMPANY
FOR THE SALE AND PURCHASE OF COAL

AGREEMENT BETWEEN PEABODY COAL COMPANY
AND GULF POWER COMPANY
FOR THE SALE AND PURCHASE OF COAL

TABLE OF CONTENTS

		Page
1.0	Mutual Obligations	1
2.0	Definitions.	2
3.0	Seller's Representations	6
4.0	Term	6
5.0	Delivery of Coal	7
5.1	Transfer of Title; Risk of Loss.	7
5.2	Point of Delivery; Transportation of Coal.	7
5.3	Blending	7
5.3A	Loading of Coal into Barges.	7
5.4	Transportation Equipment	8
5.5	Seller's Liability as a Bailee	8
5.6	Shipping Information	9
6.0	Quantity and Source of Coal.	10
6.1	Annual Quantity.	10
6.2	Deferred Tonnage Option.	11
6.3	Sources.	13
6.4	Price Adjustments for Changes in Sources, Blending Points or Outbound Loading Points	17
7.0	Coal Specifications.	18
8.0	Suspension of Shipments for Coal Quality Deficiencies	21

		Page
8.1	Rejection of Coal for Coal Quality Deficiencies. .	22
9.0	Price.	23
9.1	Adjustments - General.	23
9.2	Adjustments for Changes in Labor Costs	25
9.3	Adjustments for Changes in Represented Employees' Payroll Taxes.	26
9.3(1)	Workers' Compensation.	27
9.3(2)	FICA	28
9.3(3)	Unemployment Compensation.	29
9.4	Adjustments for Changes in Supervisory Health Related Benefits Cost.	31
9.5	Adjustments for Changes in Materials, Supplies and Electric Power Costs	32
9.6	Adjustments for Changes in UMWA Welfare Costs. . .	33
9.7	Adjustments for Changes in Other Costs, Capital Recovery, Return on Investment, and Administrative and General.	35
9.8	Adjustments for Changes in West Virginia Severance Tax.	37
9.9	Adjustment for Changes in Government Imposition. .	37
9.10	Adjustments for Changes in Seller's Transportation Cost	43
9.10(1)	Inbound Barge Transportation Cost.	43
9.10(2)	Other Transportation Cost	47
9.10(3)	Blending Cost.	50
9.10(4)	Amendments	51
9.10(5)	Audit Rights	51

		Page
9.11	Price Renegotiation.	52
10.0	Billing Procedures, Reports, Invoices and Payment.	56
11.0	Billing Formula.	57
12.0	Sampling and Analysis	58
13.0	Weighing	61
14.0	Force Majeure.	63
14.1	Force Majeure Defined.	63
14.2	Inability of Seller to Perform Due to Force Majeure.	64
14.3	Inability of Buyer to Perform Due to Force Majeure.	65
14.4	Notification of an Event of Force Majeure.	65
14.5	Termination Due to Force Majeure	66
15.0	Changes in Environmental Related Requirements. . .	67
16.0	Waiver	73
17.0	Independent Contractor	73
18.0	Accounting and Audit	74
18.1	Notice and Substantiation of Price Adjustment. . .	74
18.2	Audit.	74
19.0	Right of Inspection	75
19.1	Injuries to Representatives.	76
20.0	Successors and Assigns	76

		Page
21.0	Relief for Economic Hardship	77
22.0	Termination for Unremedied Default	79
23.0	Other Rights Upon Default.	80
24.0	Notices.	80
25.0	Seller's Agent	81
26.0	Buyer's Agent.	81
27.0	Governing Law and Jurisdiction	82
28.0	Compliance with Laws and Regulations	82
29.0	Entire Agreement; Amendments	82
30.0	Severability	83
31.0	Confidentiality.	84
32.0	Headings and Table of Contents	84

Gulf Coal Supply Agreement
List of Annexes

		Page
Annex A -	Seller's Blending Procedures	A-1
B -	Seller's Loading Procedures	A-2
C -	Blending Information for Shipping Notices	A-3
D -	Components of Base Price and Section 9.0	A-4
E -	Example of Labor Cost Per Ton Adjustments Section 9.2	A-5
F -	Examples of Workers Compensation Per Ton Adjustments Section 9.3(1)	A-8
G -	Examples of FICA Per Ton Adjustments Section 9.3(2)	A-10
H -	Examples of Unemployment Compensation Per Ton Adjustments Section 9.3(3)	A-11
I -	Examples of Supervisory Health Related Benefit Per Ton Adjustments Section 9.4	A-12
J -	Examples of Materials, Supplies and Electric Power Per Ton Adjustments Section 9.5	A-13
K -	Examples of UMWA Welfare Per Ton Adjustments Section 9.6	A-15
L -	Examples of Other Costs, Capital Recovery, Return on Investment and Administrative and General Per Ton Adjustments Section 9.7	A-16
M -	Examples of West Virginia Severance Tax Per Ton Adjustments Section 9.8	A-18
N -	Inbound Barge Transportation Agreement	
O -	Examples of Changes in Other Transportation Per Ton Adjustments Section 9.10(2)	A-19
P -	Examples of Changes in Blending Cost Per Ton Adjustments Section 9.10(3)	A-21
Q -	Form of Invoice	A-23
R -	ASTM Laboratory Sampling, Preparation and Analytical Procedures	A-25
S -	Governmental Laws and Regulations	A-31

AGREEMENT BETWEEN PEABODY COAL COMPANY
AND GULF POWER COMPANY
FOR THE SALE AND PURCHASE OF COAL

THIS COAL SUPPLY AGREEMENT, made and entered into as of the first day of February, 1988, between GULF POWER COMPANY, a Maine corporation, with its principal place of business in Pensacola, Florida ("Buyer"), and PEABODY COAL COMPANY, a Delaware corporation, with its principal place of business in Henderson, Kentucky ("Seller"),

W I T N E S S E T H:

WHEREAS, the parties have previously entered into agreements for the supply of coal and have on even date herewith terminated all such previous agreements and the rights and obligations thereunder; and

WHEREAS, the parties desire to set forth in this coal supply agreement ("Coal Supply Agreement") the terms and conditions which will control the supply and purchase of the coal from and after the date hereof;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained, Buyer and Seller hereby agree as follows:

1.0 Mutual Obligations. During the term of this Coal Supply Agreement, Seller agrees to sell and deliver to Buyer and Buyer agrees to purchase and accept from Seller coal of the

quantity and quality, at the price, and subject to the applicable terms and conditions hereinafter set forth.

2.0 Definitions. Whenever used in this Coal Supply Agreement with initial capitalization, the following definitions shall be applicable:

2.1 "Agreement" or "Coal Supply Agreement" shall mean this Coal Supply Agreement dated as of February 1, 1988.

2.2 "Base Price" shall mean the initial base price per Ton of coal. The Base Price shall be subject to adjustments based on changes occurring after January 1, 1988 as provided in Section 9.2 through 9.9 for coal shipped after the Effective Date of this Agreement.

2.3 "Billing Price" shall mean the Base Price per Ton as revised to reflect adjustments pursuant to Section 9.0 through 9.9.

2.4 "Blending Point" shall mean the place where coal supplied hereunder is blended, which shall initially be the Shawneetown Dock located in Illinois at Mile Post 859 on the Ohio River or other places which may be approved pursuant to Section 6.3.

2.5 "Buyer's Transportation Cost" shall mean the cost to Buyer, as adjusted, for transportation of coal to be supplied hereunder and transported from the Outbound Loading Point to Buyer's Plant Crist.

2.6 "Deferred Tonnage" shall mean the quantity of coal not purchased by Buyer during any Year which Deferred Tonnage is comprised of Deficiency Tonnage and Make Up Tonnage.

2.7 "Deficiency Tonnage" shall mean the quantity of coal representing the difference between 1,900,000 Tons and the total annual quantity of coal less than 1,900,000 Tons but greater than 1,750,000 Tons purchased by Buyer each Year hereunder and resulting solely from the actual burn at Plants Crist and Smith in any Year being less than 1,900,000 Tons as described in Section 6.1.

2.8 "Delivered Price" shall mean the sum of the Billing Price, the Seller's Transportation Cost, and the Buyer's Transportation Cost.

2.9 "Drafting" shall mean the process of measuring the difference in weights between loaded and unloaded barges.

2.10 "Eagle No. 2 Mine" shall mean the Eagle No. 2 mine and facilities located in Gallatin County, Illinois which produces coal from the Illinois number 5 seam.

2.11 "Effective Date" shall mean February 1, 1988.

2.12 "Equality Mine" shall mean the Equality mine and facilities located in Saline and Gallatin Counties, Illinois which produces or will produce coal from the Illinois number 6 seam.

2.13 "Federal Complex" shall mean the Federal #2 Mine and facilities owned and operated by Eastern Associated Coal Corp., an affiliate of Seller, and located in Monongalia County, West Virginia. Coal supplied hereunder from the Federal Complex shall be from the Pittsburgh number 8 seam.

2.14 "Lower Quality" shall mean that coal that does not meet the specifications set forth in this Agreement.

2.15 "MBtu" shall mean million Btu's.

2.16 "Make Up Tonnage" shall mean the quantity of coal which would have been delivered to Buyer but for Seller's or Buyer's nonpermanent force majeure, suspension or rejection.

2.17 "Market Adjustment Date" shall mean February 1, 1998 and February 1, 2003, as the case may be.

2.18 "Market Adjusted Billing Price" shall mean the new Billing Price negotiated by the parties pursuant to Section 9.11.

2.19 "Market Adjusted Delivered Price" shall mean the new Delivered Price negotiated by the parties pursuant to Section 9.11.

2.20 "Market Adjusted Seller's Transportation Cost" shall mean the new Seller's Transportation Cost as determined by Seller at the Market Adjustment Date.

2.21 "Market Adjusted Buyer's Transportation Cost" shall mean the prices of transportation from the Blending Points and/or Outbound Loading Points existing under the Agreement as of the Market Adjustment Date as determined under Buyer's contract with Orgulf Transport Co., if applicable, and/or transportation costs determined by the negotiation or bid solicitation procedure provided in Section 9.11.

2.22 "Matching Price" shall mean the total price of coal delivered to Plant Crist per MBtu resulting from the addition of the price of coal determined by the bid solicitation procedures provided in Section 9.11 to the price of transportation to Plant Crist under Buyer's contract with Orgulf Transport Co., if applicable, and/or transportation costs determined by the

negotiation or bid solicitation procedure provided in Section 9.11.

2.23 "Mining Plan" shall mean those maps depicting reserves and the written schedule for extracting the coal from those reserves, as further described in Section 6.3.

2.24 "Outbound Loading Point" shall mean the place where coal supplied under this Agreement is loaded by Seller or Seller's contractor into barges for delivery to Buyer and shall be the dock at Shawneetown, Illinois, or other points which may be approved pursuant to Section 6.3.

2.25 "Per Ton Adjustments" shall mean the per Ton adjustments to the Base Price or Seller's Transportation Cost based on changes occurring after January 1, 1988 as provided in Section 9.1 through 9.10(1) and 9.10(3), and after October 1, 1987 for changes provided in Section 9.10(2).

2.26 "Plants" shall mean Buyer's Plant Crist and Plant Lansing Smith.

2.27 "Point of Delivery" shall mean one or more of Buyer's Plants or other points for delivery within the Southern Electric System as selected by Buyer as provided in Section 5.2 herein.

2.28 "Randolph Complex" shall mean those mines and facilities located in Randolph, St. Clair, and Washington Counties, Illinois which are or will be serviced by the Randolph Preparation Plant. Coal supplied hereunder from the Randolph Complex shall be from the Illinois number 6 seam.

2.29 "Seller's Transportation Cost" shall mean the sum of the Inbound Barge Transportation Cost as set forth in Section

9.10 (1), the Other Transportation Cost as set forth in Section 9.10 (2), and the Blending Cost as set forth in Section 9.10 (3) as adjusted pursuant thereto based on changes occurring after January 1, 1988 except for Section 9.10(2) which shall be based on changes occurring after October 1, 1987. When computing the billing amount pursuant to Section 11.0, Seller's Transportation Cost shall be added to the Billing Price for all Tons of coal sold hereunder as provided in Section 11.0, regardless of how the coal is actually transported or whether the coal is blended or unblended.

2.30 "Shipment" shall mean each barge that is loaded at the Outbound Loading Points.

2.31 "Source" shall mean the mine(s) from which the coal is produced.

2.32 "Ton" shall mean 2,000 pounds avoirdupois.

2.33 "Tonnage" shall mean a derivative of the term Ton.

2.34 "Year" shall mean a calendar year.

3.0 Seller's Representations. Seller represents and warrants that it or its affiliates own or control the quantity of reserves necessary to meet and supply the coal requirements of this Coal Supply Agreement.

4.0 Term. The term of this Agreement shall be for a period of approximately twenty (20) Years commencing on the 1st day of February, 1988, and shall continue in full force and effect thereafter until the 31st day of December, 2007, unless earlier terminated or extended according to the provisions of this Agreement.

5.0 Delivery of Coal

5.1 Transfer of Title; Risk of Loss. Seller shall, at its own expense, blend the coal to be supplied hereunder where blended coal is supplied and shall, for blended or unblended coal, load the coal into barges at the Outbound Loading Points as hereinafter provided. Title to the coal shall pass to Buyer when the coal is loaded into Buyer's carrier's barges at the Outbound Loading Point and risk of loss shall follow the title.

5.2 Point of Delivery; Transportation of Coal. The coal to be supplied hereunder shall be transported by barge carrier selected by Buyer from the Outbound Loading Point to the Point of Delivery. Buyer may select other Points of Delivery within the Southern Electric System. Buyer shall pay all transportation costs due the barge carrier between the Outbound Loading Point and the Point of Delivery. In the event Buyer selects Points of Delivery other than the Plants, Buyer may claim relief under Sections 14 and 15 only when conditions pertaining to the Plants would warrant Buyer's claim regardless of conditions at the plant(s) receiving the coal.

5.3 Blending. When blended coal is supplied, Seller shall, at its own expense, blend the coal in the percentages specified hereunder to meet the coal quality specifications in Section 7.0. When blended coal is supplied, blending shall be accomplished in strict accordance with the terms and conditions contained in Annex A attached hereto.

5.3A Loading of Coal into Barges. Seller or Seller's contractor shall load the coal into barges in strict accordance

with the terms and conditions set forth in Annex B attached hereto.

5.4 Transportation Equipment. Buyer or Buyer's carrier, when responsible therefor, and unless prohibited by the actions of Seller, shall at all times provide (1) sufficient number of open barges (width not exceeding thirty-five (35) feet) suitable for loading at the Outbound Loading Points and for receiving at the Point of Delivery and maintained in good and seaworthy condition and (2) adequate motive power to enable Seller to carry out its obligations under this Agreement without delay in a workmanlike manner. All empty barges supplied by Buyer's carrier shall be delivered to the Outbound Loading Points free of foreign matter and excess water.

5.5 Seller's Liability as a Bailee. From and after the time a barge is delivered to Seller or Seller's contractor for loading until such barge is picked up by the carrier, Seller shall have the liabilities of a bailee as provided by law. For the purpose of this paragraph, a barge shall be deemed to have been delivered to Seller when it has been secured by the carrier at the upstream end of Seller's or Seller's contractor's coal-loading dock, or mooring points as the case may be, at the Outbound Loading Points and shall be deemed to have been picked up from Seller when untied by the carrier from the downstream end of Seller's or Seller's contractor's mooring points, or coal loading dock as the case may be, at the Outbound Loading Points. Seller or Seller's contractor shall maintain bailee's insurance adequate to compensate Buyer's carriers for any loss of or damage

to said carriers' barges occurring while in Seller's possession as a result of Seller's failure to perform its duties as a bailee of said barges as required by law.

5.6 Shipping Information. Seller shall supply Buyer with a shipping notice on Seller's regular commercial form, showing the barge number, mines from which supplied, Tonnage shipped, shipping date, blending information as provided in Annex C attached hereto, destination, and such other information as reasonably required by Buyer from time to time. Seller shall, within twenty-four (24) hours following loading of each Shipment at the Outbound Loading Point, send such shipping notice to Buyer by telex, telecopy or mail as Buyer may direct. Seller shall determine the short proximate analysis of samples collected from each Shipment at the Outbound Loading Point and shall telecopy or telephone such analysis to Buyer at locations designated by Buyer as soon as possible but not more than seventy-two (72) hours following loading of each Shipment from the Outbound Loading Point.

Shipping notices and analyses shall be sent to the following:

Supervisor of Fuel Supply
Electric Operations Services
Gulf Power Company
P. O. Box 1151
Pensacola, Florida 32520-1151

Telecopy #904/444-6636
Telephone #904/444-6208

Plant Manager
Crist Electric Generating Plant
P. O. Box 1151
Pensacola, Florida 32520-1151

Telephone #904/478-5900 ext 2212
Telecopy #904/478-5900 ext 2217

Plant Manager
Lansing Smith Electric
Generating Plant
P. O. Box 1210
Lynn Haven, Florida 32444-1210
Telecopy #904/444-6636
Telephone #904/265-2185

Transportation Coordinator
Southern Company Services
P. O. Box 2625
Birmingham, AL 35202-2625
Telecopy #205/877-7288
Telephone #205/877-6708

Should Seller fail to provide such shipping notice and analysis as specified, Buyer may, at its sole option, elect to delay unloading the subject Shipment until such time as the shipping notice and analysis is received and Seller shall be liable for any reasonable costs caused by the delay.

6.0 Quantity and Source of Coal.

6.1 Annual Quantity. Except as otherwise provided, Seller shall supply to Buyer and Buyer shall purchase from Seller under the terms of this Coal Supply Agreement 1,900,000 Tons of coal per Year during each Year of this Coal Supply Agreement. If Buyer's actual burn at its Plants in any Year shall be less than 1,900,000 Tons of coal, the annual quantity may, at Buyer's request, be reduced to Buyer's actual burn at these Plants, subject to a minimum of 1,750,000 Tons. The annual quantity of coal shall be shipped by Seller in reasonably equal weekly amounts and shall be taken by Buyer in reasonably equal weekly amounts, taking into account normal vacation schedules. On or before December 1 of each Year, Buyer shall give Seller written notice of Buyer's good faith estimate of the total quantity of coal expected to be burned at its Plants in the following Year. If, by October 15 of such following Year, Buyer determines that the total quantity of coal to be burned at its Plants will be less than 1,900,000 Tons, and Buyer wishes to exercise its right to reduce the Tonnage purchased to an amount equal to Buyer's

actual burn as provided above, Buyer shall give Seller written notice by November 1, which notice shall also specify Buyer's good faith estimate of the total quantity to be burned at those Plants in such Year. In such event, the annual quantity to be purchased by Buyer in such Year shall be reduced to the actual amount burned by Buyer in such Year; provided, however, in no event, other than as provided in Sections 14 and 15, shall such annual quantity in such Year be reduced to less than 1,750,000 Tons. The difference between 1,900,000 tons and the quantity actually purchased by Buyer during each Year shall be deemed Deficiency Tonnage hereunder.

6.2 Deferred Tonnage Option. There may exist under this Agreement two types of Deferred Tonnage. These are Deficiency Tonnage under Section 6.1 and Make Up Tonnage under Sections 8.0, 8.1, 14.2 and 14.3. Whenever there exists Deferred Tonnage, Seller shall have the right, at its option, to sell up tc 200,000 Tons annually of such Deferred Tonnage to Buyer in the next Year(s) that the combined burn at Buyer's Plants Crist and Lansing Smith exceeds 1,900,000 Tons. Seller shall give Buyer written notice no later than February 1 of any such Year that Seller will exercise its right to sell Deferred Tonnage in such Year, which notice shall also specify the amount of Deferred Tonnage to be purchased in such Year. In such event, the annual quantity of 1,900,000 Tons for such Year shall be increased to include such Deferred Tonnage. Seller and Buyer may mutually agree to include more than 200,000 Tons of Deferred Tonnage in a Year, but in no case shall the annual Tonnage of 1,900,000 Tons

plus Deferred Tonnage to be purchased in any Year exceed the total actual burn at Plants Crist and Smith for that Year.

The amount of Deferred Tonnage in each Year shall be added to the amount of Deferred Tonnage from prior Years to determine a total Deferred Tonnage. There shall be subtracted from the total Deferred Tonnage the amount of Deferred Tonnage actually purchased by Buyer in any Year.

The price for Deficiency Tonnage and for Make Up Tonnage resulting from Buyer's nonpermanent force majeure under Section 14.3 shall be the price in effect at the time of shipment. The price for Make Up Tonnage resulting from Seller's nonpermanent force majeure under Section 14.2, suspension under Section 8.0 or rejection under Section 8.1 shall be the price in effect at the time of receipt of Seller's notice of Seller's nonpermanent force majeure, Buyer's notice of suspension or Buyer's notice of rejection, as the case may be.

In the event there exists Deferred Tonnage at the date of termination of this Coal Supply Agreement, and termination is the result of Seller's default under this Agreement or is the result of permanent force majeure, no Deferred Tonnage shall be supplied by Seller or purchased by Buyer after such termination and the term hereof shall not be extended.

In the event there exists Deferred Tonnage at the date of termination of this Coal Supply Agreement, at the end of the term or at either Market Adjustment Date, and termination is not the result of Seller's default under this Agreement or the result of permanent force majeure, the term hereof shall be extended, at Seller's option, by an amount of time necessary to mine and

deliver to Buyer the quantity of Deferred Tonnage in existence on such date at an annual rate of 1,500,000 Tons unless otherwise mutually agreed by Buyer and Seller; provided, however, the quantity of such Deferred Tonnage shall be reduced by the amount of Deferred Tonnage which Seller refused to make up during the term hereof.

6.3 Sources. Seller shall have the right to supply the coal to be delivered hereunder from the following Sources which have been preapproved by Buyer:

Sources

A. Blend of approximately 50% Randolph Complex and approximately 50% Federal Complex (plus or minus 5% of either)

B. Eagle No. 2 Mine - by itself

C. Blend of at least 70% Eagle No. 2 Mine with Equality Mine.

Seller shall have the right to supply the coal to be purchased hereunder in the ratio or blend stipulated from any preapproved Source(s) or other Source(s) approved by Buyer, which approval shall not be unreasonably withheld. Buyer's approval shall not be required for any Source if Buyer has purchased and burned more than 100,000 Tons of coal from such Source or blend as previously approved under this Agreement within the last eighteen (18) months. Seller shall be responsible for any damage to Buyer's plants or equipment resulting from an improper blend of coal that does not meet the specifications in Section 7.0.

Buyer shall be under no obligation whatsoever to approve any Source, the Delivered Price per MBtu of which would exceed the Delivered Price per MBtu as of the date of such substitution

unless Seller agrees to reduce the Billing Price or Seller's Transportation Cost by the amount per MBtu that the Delivered Price per MBtu for the new Source(s) exceeds the then existing Delivered Price per MBtu.

Seller shall provide Buyer with at least sixty (60) days prior written notice of its intent to supply coal from any new Source(s) where such new Source(s) will account for less than ten percent (10%) of the annual quantity of coal to be purchased hereunder in a Year. Such written notice shall contain the name and location of the new mine(s), proximate analysis, grindability, ash fusion temperatures of the coal and other data demonstrating Seller's capability to meet the quality specifications of this Agreement (such information and data collectively referred to as "Analytical Data"). Such written notice shall also contain the full ash mineral and ultimate analysis of the coal to be delivered from any new Source.

Seller shall provide Buyer with at least ninety (90) days prior written notice of its intent to supply coal from any new Source(s) where such new Source(s) will account for ten percent (10%) or more of the annual quantity of coal to be purchased hereunder in a Year. Such written notice shall contain a Mining Plan (as described below) for the new Source(s) demonstrating the capability to meet the quality specifications of this Agreement. The Mining Plan provided by Seller hereunder shall contain maps and narratives depicting areas and seam(s) of coal to be mined and shall include the following information: (i) reserves under the ownership or control of the supplier from which the coal

shall be produced and the projected mining sequence by Year during the period of deliveries; (ii) methods of mining such reserves; (iii) methods of blending, transporting, transloading and washing coal (if necessary) to ensure compliance with the quality requirements; (iv) coal quality data; (v) quality control plans including sampling and analysis procedures conforming to Section 12; and (vi) the total Tonnage anticipated to be mined from each Source each Year. Buyer shall review the Analytical Data or the Mining Plan to determine in good faith if such documents demonstrate Seller's capability to supply coal that when blended or unblended meets the quality requirements of this Agreement. Buyer's receipt, review, or acceptance of the Mining Plan or Analytical Data or other information or data furnished by Seller shall not in any manner relieve Seller of any of Seller's obligations or responsibilities under this Agreement. The Mining Plans or Analytical Data shall be updated by Seller upon ninety (90) days written request by Buyer, which request shall be no more frequent than every three (3) years.

Within thirty (30) days of receipt of any of Seller's notices regarding new Source(s), Buyer shall notify Seller of its acceptance of the new Source(s) which acceptance shall not be unreasonably withheld or of its requirement that a test burn be performed prior to Buyer's acceptance. If a test burn is required by Buyer, Seller shall provide a test shipment as expeditiously as possible. The test shipment shall be composed of a minimum of twelve (12) barges. The price for coal shipped pursuant to the test shipment shall be as provided in Section 9

and shall be calculated as of the date of shipment. Within thirty (30) days of receipt of the test shipment, Buyer shall notify Seller in writing of its acceptance or rejection of the proposed Source which acceptance shall not be unreasonably withheld. Buyer shall accept such Source(s) provided that (1) the blended coal or, if the coal is not blended, the unblended coal meets all of the quality requirements of this Agreement and (2) Buyer does not experience material adverse operating problems in burning coal from such Source or Sources at its Plants. If Buyer rejects the proposed Source or blend, it shall state its reasons for such objections in the notice.

Seller shall have the right to change the Blending Point and the Outbound Loading Point, from time to time, subject to Buyer's approval, which approval shall not be unreasonably withheld. Buyer shall be under no obligation whatsoever to approve any new Blending Point or any new Outbound Loading Point which would cause the Delivered Price per MBtu to exceed the Delivered Price per MBtu as of the date of such substitution unless Seller agrees to reduce the Base Price or Seller's Transportation Cost by the amount per MBtu that the Delivered Price per MBtu for the new Blending Point or Outbound Loading Point exceeds the then existing Delivered Price per MBtu. Seller shall provide Buyer with at least sixty (60) days' prior written notice of its intent to use a new Blending Point or Outbound Loading Point, as the case may be. Such written notice shall contain the name and location of the new Blending Point or Outbound Loading Point, as applicable, and other data demonstrating Seller's capability to

meet the blending procedures described in Annex A and/or the loading procedures described in Annex B, as applicable. Within thirty (30) days of receipt of Seller's notice, Buyer shall notify Seller of its approval of the new Blending Point or Outbound Loading Point, as the case may be. If Buyer rejects the new Blending Point or the Outbound Loading Point, it shall state its reasons for such objections in the notice.

6.4 Price Adjustments for Changes in Sources, Blending Points or Outbound Loading Points. Whenever Buyer approves a new Source, Blending Point or Outbound Loading Point, Seller shall share with Buyer the transportation and blending cost savings, if any, as provided hereinafter. The then existing Seller's Transportation Cost shall be converted to a cost per MBtu using the Btu of the coal from the existing Source(s). A new Seller's Transportation Cost shall be calculated for purposes of this Section 6.4 using the total transportation costs from the mine to the Outbound Loading Point associated with the new Source, Blending Point or Outbound Loading Point, as the case may be. The new Seller's Transportation Cost shall be converted to a cost per MBtu using the Btu of the coal from the new Source(s). The new Seller's Transportation Cost per MBtu shall be subtracted from the then existing Seller's Transportation Cost per MBtu. If the difference is a positive number, the difference shall be converted to a cost per Ton, and Buyer shall be credited through a monthly credit memo with one-half (1/2) of such difference multiplied by the number of Tons Buyer purchases from Seller from such new Source or through such new Blending Point or Outbound

Loading Point, as the case may be, in the month. Whenever there is a Per Ton Adjustment to Seller's Transportation Cost as provided in Section 9.10, the amount of Buyer's credit shall be recalculated in accordance with this Section 6.4. The components of Seller's Transportation Cost as provided in Section 9.10 shall not be adjusted as a result of any cost savings.

Seller and Buyer shall, from time to time, review the amount of the cost savings to be shared by the parties. Any such cost savings shall be shared by the parties on each Ton of coal shipped from such new Source(s) or through such new Blending Point or Outbound Loading Point, as the case may be, until the next Market Adjustment Date.

No cost sharing shall be required under Section 6.4 upon Seller's changing to a Source based on Equality Mine by itself or based on a change in the percentage blend of Equality Mine and Eagle No. 2 Mine. No cost sharing shall be required under Section 6.4 if Seller changes a Source, Blending Point or Outbound Loading Point as a result of a change in "environmental related requirements" pursuant to Section 15.

7.0 Coal Specifications. The coal to be supplied hereunder shall be unblended or blended, provided that if blended coal is shipped, the described blending process in Annex A is used to assure a uniformly blended coal is shipped. Such coal, as determined in the then current ASTM Designation D-431 Standard for Designating Size of Coal, shall be two (2) inches and under in size (2" X 0"), shall be no more than fifty-five percent (55%) -1/4 inch to 0 (-1/4" x 0"), and shall be run-of-mine product

free from slurry pond fines, excess bone, shale, fire clay and other impurities. The "as received" quality of coal delivered at the Outbound Loading Point hereunder shall meet the following guaranteed specifications on a weighted monthly average basis for purposes of suspension and termination under Section 8.0 and on a per Shipment basis for purposes of rejection under Section 8.1:

	Guaranteed Specifications (Weighted Mo. Avgs)	Rejection Limits (Per Shipment)
Max Moisture (total)	11.0%	12.0%
Max Ash	10.5%	13.0%
Max *SO_2 Content (lbs/MBtu)	5.25	5.25
Min Volatile Matter	32.0%	**32.0%
Min Ash Fusion Temp (H=W, reducing atmosphere)	2050 Degrees F	**2010 Degrees F
Min Grindability (HGI)	52	**50
Min Btu/lb	11,900	11,350

The coal shall be purchased by Buyer at the price set forth in Section 9. Seller shall use and shall cause its contractor to use reasonable efforts during any blending of the coal and in transporting the coal to the Outbound Loading Point to minimize the creation of coal fines. Seller shall reimburse Buyer for all additional, reasonable expense incurred by Buyer in the handling of coal at the Plants which contains more than fifty-five percent (55%) -1/4 inch to 0 (-1/4" x 0") fines that were created by Seller or Seller's contractor. Buyer shall immediately notify

Seller by telephone whenever Buyer experiences additional, reasonable expense in handling of such coal. Seller shall reimburse Buyer for all reasonable damage caused to Buyer's equipment by any extraneous material Seller or Seller's contractors have loaded with the coal. Buyer represents that prior to placement of the coal in the bunkers at the Plants, the coal shall be passed under an energized magnetic device.

*The SO_2 specification shall be calculated pursuant to the formula set forth below by using the actual weighted average specifications for percent sulfur and Btu/lb on an "as-received" basis for each Shipment or month, as the case may be:

$$\text{Pounds of SO2 per MBtu} = \frac{(\text{\% sulfur}) \times 1.9 \times 10^4}{(\text{Btu/lb of coal})}$$

** Rejection Limits for Ash Fusion, Volatile Matter and Grindability shall be based on an analysis of a bi-weekly composite of all Shipments loaded during a two (2) week period but shall be based on a minimum of 15,000 Tons. Buyer and Seller recognize that there is currently a dispute between ASTM Committee D05 on Coal and Coke ("ASTM") and the United States Department of Energy ("DOE") over the preparation of calibration standard reference samples used for calibration of the equipment used to determine the Hardgrove Grindability Index of coal. Until such time as the problem with Grindability Standard Reference Samples (SRS) from the DOE has been resolved, Grindability analyses will be performed according to ASTM procedure D409-85, Sections 1-8. Calibration will be performed according to Section 9, except that the HGI for the SRS's will be

calculated using DOE's calculated weight of coal passing the No. 200 sieve and the following formula:

HGI = 13 + 6.93W

where:

W = calculated weight of coal sample passing the No. 200 sieve.

These calculated HGI values and the calculated weight of coal passing the No. 200 sieve as determined by Seller or Seller's contractor will be used to construct a calibration chart (according to Section 9) from which the Grindability Index of the bi-weekly composite samples will be determined.

8.0 Suspension of Shipments for Coal Quality Deficiencies. Should the weighted average quality of coal shipped during any two (2) consecutive calendar months fail to comply with any of the guaranteed specifications stated in Section 7.0 of this Agreement, as determined at the Outbound Loading Point, Buyer shall have the right to immediately suspend further Shipments by giving written notice of the suspension to Seller. After receipt of a suspension notice, Seller shall suspend further Shipments of coal and shall immediately commence appropriate action and use all reasonable efforts to correct the deficiency. Seller shall furnish Buyer with reasonable written documentation to assure Buyer of Seller's ability to perform. If Buyer is reasonably assured that Seller can furnish coal which complies with the guaranteed specifications of Section 7.0, as determined at the Outbound Loading Point, (Buyer shall make such decision with reasonable commercial expediency, considering the circumstances

presented; and shall not unreasonably withhold its concurrence with Seller's reasonable assurances), then shipments shall immediately resume. Seller may supply Make Up Tonnage not delivered during the period of suspension pursuant to Section 6.2.

If Buyer does not receive such reasonable assurances from Seller within sixty (60) days of Seller's receipt of suspension notice, or if after giving Buyer such assurances, twenty percent (20%) or more of Seller's subsequent deliveries during the ensuing six (6) month period fall outside the guaranteed specifications of Section 7.0, as determined at the Outbound Loading Point, Buyer shall send Seller written notice of such failure, and this Agreement may be immediately terminated, at Buyer's sole option. If Buyer does not exercise its suspension or termination rights within thirty (30) days after Seller's failure occurs, Buyer shall be deemed to have waived its suspension or termination rights, as the case may be, as to that event.

8.1 Rejection of Coal for Coal Quality Deficiencies. In addition to and not as a limitation upon its suspension or termination rights set forth in Section 8.0, Buyer shall have the right to reject any Shipment should the quality of coal for such Shipment fall outside the Rejection Limits as set forth in Section 7.0 and determined at the Outbound Loading Point. Buyer shall not exercise its rejection rights hereunder once the coal has been unloaded at the Point of Delivery. Buyer shall give prompt written and telephone notice to Seller of any rejection of Shipments hereunder. In the event that Buyer rejects any coal,

Seller shall immediately remove said coal from the carrier's barges at Seller's expense and shall reimburse Buyer all costs and expenses incurred in connection with the rejected coal, all of which costs Buyer may deduct from any sum owed by Buyer to Seller. Seller may supply Make Up Tonnage not delivered because of rejection pursuant to Section 6.2.

9.0 Price. The Base Price as of January 1, 1988 will be $25.65 per Ton. The f.o.b. barge price at the Outbound Loading Point will be $33.33 per Ton which equates to $1.4004 per MBtu f.o.b. barge at the Outbound Loading Point as of January 1, 1988, based on 11,900 "as received" Btu/lb. The Billing Price and Seller's Transportation Cost will be adjusted pursuant to Section 9.2 to 9.10 to reflect changes occurring after January 1, 1988 except for Section 9.10(2) which will be adjusted to reflect changes occurring after October 1, 1987. The first Per Ton Adjustment to the Base Price shall be effective April 1, 1988. The specific components of the Base Price and Seller's Transportation Cost are set forth in Annex D attached hereto.

9.1 Adjustments - General. The Base Price and Seller's Transportation Cost shall be based on a blend of 50% Federal Complex and 50% Randolph Complex and shall be adjusted according to the methodology set forth below. If Seller elects to change Sources or blends from those preapproved Sources or blends pursuant to Section 6.3, and such new Sources or blends constitute more than thirty (30%) percent of the coal to be delivered hereunder on an annual basis, Seller shall provide to Buyer, contemporaneously with the Mining Plan provided in Section 6.3,

documentation of the adjustments associated with such new Source or blends. Buyer and Seller shall meet, at the request of either party, to discuss in good faith the need to use such new Sources or blends as the basis for adjustments under Section 9.2 through 9.10 for the proportion of coal delivered from such new Sources or blends.

Except as provided in Section 9.9, Seller shall promptly notify Buyer in writing of all adjustments no later than forty-five (45) days after the effective date(s) of such adjustments as specified herein. The adjustments shall be applicable as of such effective date(s) if Seller notifies Buyer within forty-five (45) days of such effective date. In cases where the adjustments increase the price, the adjustments shall be applicable as of the date on which the Buyer receives notices from Seller of such claimed adjustment if such notice was received more than forty-five (45) days after the effective date of such change. The forty-five (45) day limitation provided above shall not apply to a claimed adjustment predicated on information from an outside party which was not available to Seller within such period. With respect to decreases required to be made by virtue of such adjustment provisions, such adjustments shall be made retroactively as to all coal shipped from and after the effective date of such adjustment. All adjustments made shall be calculated to the nearest cent per Ton. No disputes concerning price adjustments shall in any way relieve either party of its respective obligations under this Agreement at the then existing Billing Price until any such dispute is resolved. All

adjustments herein are subject to the procedures for verification set forth in Section 18.0.

If the base for any index used herein for Per Ton Adjustments is changed, the index will be adjusted to take into account such changed basis. If the index which is so used for price revision is discontinued or otherwise becomes unavailable, the parties shall utilize a mutually satisfactory index or a mutually satisfactory substitute method of price revision.

9.2 Adjustments for Changes in Labor Costs. The Base Labor Cost Component shall be $7.45 per Ton. The Base Labor Cost Component shall not change. The Billing Price shall be adjusted for changes in labor costs, as measured exclusively by changes in the hourly wage rates for "Underground at Deep Mine" employees and the shift differential rates as stated in the National Bituminous Coal Wage Agreement of 1984 with the United Mine Workers of America (hereinafter referred to as the "1984 UMWA/BCOA Agreement") and successor Agreements.

The "Base Average Hourly Wage Rate" will be $15.150 (as calculated in Annex E attached hereto) which represents the arithmetic average of the sum of the five pay grades for Underground at Deep Mines and the arithmetic average of the shift differential rates at January 1, 1988 as stated in the 1984 BCOA/UMWA Agreement.

Whenever, after January 1, 1988, there is a change in the shift differential rates or wage rates for Underground at Deep Mine employees as stated in the 1984 BCOA/UMWA Agreement, and successor agreements, a "Current Average Hourly Wage Rate" will

be calculated. The Current Average Hourly Wage Rate is the arithmetic average of the five pay grades for Underground at Deep Mine employees and the arithmetic average of the shift differential rates.

The Current Average Hourly Wage Rate will be divided by the Base Average Hourly Wage Rate, and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will be multiplied by the Base Labor Cost Component to arrive at the "Adjusted Labor Cost Component." A Per Ton Adjustment will then be made by subtracting the Base Labor Cost Component and previous Per Ton Adjustments pursuant to this Section 9.2, from the Adjusted Labor Cost Component.

In the event employees represented by a labor union receive a lump-sum payment or other benefit associated with the negotiation and consummation of a new UMWA agreement, which is not required to be made by Seller as of January 1, 1988, Buyer and Seller shall mutually agree upon a method in which Seller can promptly recover the additional costs incurred as a result of such lump-sum payment or other benefit.

Examples of the computation of the Per Ton Adjustment pursuant to this Section 9.2 are attached hereto as Annex E.

9.3 Adjustments for Changes in Represented Employees' Payroll Taxes. The Represented Employees Payroll Taxes shall consist of the Worker's Compensation Cost Component, the Unemployment Compensation Cost Component, and the FICA Cost Component.

9.3(1) Worker's Compensation. The Base Worker's Compensation Cost Component shall be $0.84 per Ton. The Base Worker's Compensation Cost Component shall not change.

The Billing Price shall be adjusted for changes in worker's compensation costs, as measured by changes in the Average Hourly Wage Rate as defined in Section 9.2 and the Worker's Compensation Rates.

A Per Ton Adjustment shall be determined whenever there is a Per Ton Adjustment calculated pursuant to Section 9.2, or whenever there is a change in the worker's compensation rates as provided below, with the first such Per Ton Adjustment effective on or after April 1, 1988. The amount of each such Per Ton Adjustment shall be calculated as follows: The Current Average Hourly Wage Rate as determined pursuant to Section 9.2 will be divided by the Base Average Hourly Wage Rate, and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will be multiplied by the actual "Base Average Worker's Compensation Premium Annual Wage Per Employee" which is approximately $30,474 and will be verified by Southern Company Services, Inc., and the product will be the "Adjusted Average Worker's Compensation Premium Annual Wage Per Employee." The Adjusted Average Worker's Compensation Premium Annual Wage Per Employee will be multiplied by the sum of the current equivalent rate for the Illinois State Underground Mines modified for Seller's experience multiplied by 50% and the current West Virginia State Underground Manual Rate multiplied by 50% to

determine the "Adjusted Worker's Compensation Cost." The Adjusted Worker's Compensation Cost will be divided by the "Base Worker's Compensation Cost," (an amount to be determined as described in Annex F when the January 1, 1988 Worker's Compensation rates are available) and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change in the Worker's Compensation Cost." The Percentage Change in the Worker's Compensation Cost will be multiplied by the Base Worker's Compensation Cost Component to determine the "Adjusted Worker's Compensation Cost Component." A Per Ton Adjustment will be determined by subtracting the Base Worker's Compensation Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.3(1), from the Adjusted Worker's Compensation Cost Component.

Examples of the computation of the Per Ton Adjustment pursuant to this Section 9.3(1) are attached hereto as Annex F.

9.3(2) FICA. The term "FICA" shall mean the Federal Insurance Contribution Act. The Base FICA Cost Component shall be $0.52 per Ton. The Base FICA Cost Component shall not change.

The Billing Price shall be adjusted for changes in FICA costs, as measured by changes in the Average Hourly Wage Rate as defined in Section 9.2 and the FICA Rates.

A Per Ton Adjustment shall be determined whenever there is a Per Ton Adjustment calculated pursuant to Section 9.2, or whenever there is a change in the FICA Rates, with the first such Per Ton Adjustment effective on or after April 1, 1988. The amount of each such Per Ton Adjustment shall be calculated as follows:

The Current Average Hourly Wage Rate determined pursuant to Section 9.2 will be divided by the Base Average Hourly Wage Rate, and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will be multiplied by the actual "Base Average FICA Taxable Wage Per Employee" which is approximately $33,766 and will be verified by Southern Company Services, Inc., and the product will be the "Adjusted Average FICA Taxable Wage Per Employee," provided this does not exceed the maximum taxable wage, in which case the Adjusted Average FICA Taxable Wage Per Employee shall be reduced to the maximum taxable wage. The Adjusted Average FICA Taxable Wage Per Employee will be multiplied by the current FICA rate to determine the "Adjusted FICA Cost." The Adjusted FICA Cost will be divided by the "Base FICA Cost," which is approximately $2,536 and will be verified by Southern Company Services, Inc., and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change In The FICA Cost." The Percentage Change in the FICA Cost will be multiplied by the Base FICA Cost Component to determine the "Adjusted FICA Cost Component." A Per Ton Adjustment will be determined by subtracting the Base FICA Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.3(2), from the Adjusted FICA Cost Component.

Examples of the computation of the Per Ton Adjustment pursuant to this Section 9.3(2) are attached hereto as Annex G.

9.3(3) Unemployment Compensation. The term "Unemployment Compensation" shall mean the employer contributions under the

State of Illinois, the State of West Virginia, and the Federal Unemployment Compensation statutes and regulations. The Base Unemployment Compensation Cost Component shall be $0.08 per Ton. The Base Unemployment Compensation Cost Component will not change.

The Billing Price shall be adjusted for changes in the maximum unemployment compensation costs.

A Per Ton Adjustment shall be determined whenever there is a change in the Federal, State of Illinois, or State of West Virginia unemployment compensation maximum taxable base or rate. The amount of each such Per Ton Adjustment shall be calculated as follows: The "Current Maximum Unemployment Compensation Cost" will be the sum of the current maximum unemployment compensation cost per employee for the state of Illinois (including Federal Unemployment Compensation Costs) multiplied by 50% and the current maximum unemployment compensation cost per employee for the State of West Virginia (including Federal Unemployment Compensation Costs) multiplied by 50%. The Current Maximum Unemployment Cost will be divided by the "Base Maximum Unemployment Cost," (an amount to be determined as described in Annex H when the January 1, 1988 Unemployment Compensation rates are available) and the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change In The Unemployment Compensation Cost." The Percentage Change in the Unemployment Compensation Cost will be multiplied by the Base Unemployment Compensation Cost Component to determine the "Adjusted Unemployment Compensation Cost Component." A Per

Ton Adjustment will be determined by subtracting the Base Unemployment Compensation Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.3(3), from the Adjusted Unemployment Compensation Cost Component.

Examples of the computation of the Per Ton Adjustment pursuant to this Section 9.3(3) are attached hereto as Annex H.

9.4 Adjustments for Changes in Supervisory Health Related Benefits Cost. Commencing and effective on April 1, 1988 and each July 1, October 1, January 1, and April 1, thereafter ("quarterly adjustment dates") the Base Supervisory Health Related Benefits Cost Component of $0.10 per Ton shall be adjusted to reflect changes occurring after January 1, 1988 as provided below. The Base Supervisory Health Related Benefits Cost Component will not change. Regardless of actual changes in Seller's Supervisory Health Related Benefits Cost, Per Ton Adjustments under this Section 9.4 shall be based on changes in the Consumer Price Index - Medical Care Index (W) as first published by the U. S. Department of Labor, Bureau of Labor Statistics. The "Base Index" will be the Consumer Price Index - Medical Care Index (W) as first published for the month of November, 1987, which is 133.1. The Base Index will be divided into the "Current Index" which will be the Consumer Price Index - Medical Care Index (W) as first published for the months of February, May, August and November and the price will be adjusted April 1, July 1, October 1 and January 1, respectively. After the Current Index is divided by the Base Index, the resulting quotient (expressed to the nearest tenth of a percentage point)

shall be called the "Percentage Change." The Percentage Change will then be multiplied by the Base Supervisory Health Related Benefits Cost Component to arrive at the "Adjusted Supervisory Health Related Benefits Cost Component." A Per Ton Adjustment will then be determined by subtracting the Base Supervisory Health Related Benefits Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.4, from the Adjusted Supervisory Health Related Benefits Cost Component.

An example of the computation of the Per Ton Adjustment pursuant to this Section 9.4 is attached hereto as Annex I.

9.5 Adjustments for Changes in Materials, Supplies and Electric Power Costs. Commencing and effective on April 1, 1988, and effective each July 1, October 1, January 1 and April 1, thereafter ("quarterly adjustment dates") the Base Materials, Supplies and Electric Power Cost Component of $5.46 per Ton shall be adjusted to reflect changes occurring after January 1, 1988 as provided below. The Base Materials, Supplies and Electric Power Cost Component will not change. Regardless of actual changes in Seller's materials, supplies and electric power cost, adjustments under this Section 9.5 shall be based on changes in the indices listed in Annex J. To calculate adjustments under this Section 9.5, a "Base Index" will be used consisting of Indices for the month of November, 1987 as first published by the U. S. Department of Labor, Bureau of Labor Statistics. The Base Index will be divided into the "Current Index," which will consist of Indices as first published by the U. S. Department of Labor, Bureau of Labor Statistics for the months of February, May,

August, and November and the price will be adjusted April 1, July 1, October 1, and January 1, respectively. After each Current Index is divided by the respective Base Index, the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will then be multiplied by the respective Index Weight listed in Annex J and the sum thereof will be the "Weighted Percentage Change." The Weighted Percentage Change will be multiplied by the Base Materials, Supplies and Electric Power Cost Component to arrive at the "Adjusted Materials, Supplies and Electric Power Cost Component." A Per Ton Adjustment will then be made by subtracting the Base Materials, Supplies and Electric Power Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.5, from the Adjusted Materials, Supplies and Electric Power Cost Component.

An example of the computation of the Per Ton Adjustment pursuant to this Section 9.5 is attached hereto as Annex J.

9.6 Adjustments for Changes in UMWA Welfare Costs. UMWA Welfare Costs means the contributions paid to the 1974 Pension and Benefit Trust Funds; administrative fees; allocated claim payments ("Allocated Claim Payments") for Life and Accidental Death and Dismemberment Benefits and Pensioner's Death Benefits; and payments for Health Care, Vision Care and Dental Plan at Randolph Complex and Federal Complex. The total Allocated Claim Payments for each Year shall not exceed the total amount Seller would have paid under a fully insured plan during such Year at Randolph Complex (50%) and Federal Complex (50%) based on

Seller's carrier's rate per $1,000 of coverage. Allocated Claim Payments for Life and Accidental Death and Dismemberment Benefits and Pensioner's Death Benefits shall be based on the percentage of Federal Complex "Life Volume" (as defined below) to the sum of Seller's and Eastern Associated Coal Corp.'s Life Volume, and Randolph Complex Life Volume to the sum of Seller's and Eastern Associated Coal Corp.'s Life Volume multiplied by the actual claims paid. The term "Life Volume" shall mean the coverage in effect as specified in the 1984 UMWA/BCOA Agreement and successor agreements multiplied by the number of eligible employees and pensioners. UMWA Welfare Costs shall also include any similar fund or funds created or new benefits or other benefits as may be provided for pursuant to a contract signed with UMWA or other union after January 1, 1988.

Commencing on April 1, 1988, and effective each July 1, October 1, January 1, and April 1, thereafter ("quarterly adjustment dates"), a Per Ton Adjustment shall be computed based upon increases or decreases in the actual cost per Ton for UMWA Welfare Costs during the immediate preceding quarter in the following manner:

The adjustment, upward or downward, as the case may be, shall be determined by subtracting the Base UMWA Welfare Cost Component of $1.10 per Ton and previous Per Ton Adjustments pursuant to this Section 9.6, from the sum of the actual cost per ton for UMWA Welfare at Randolph Complex multiplied by 50%, and the actual cost per Ton for UMWA Welfare at Federal Complex

multiplied by 50% for the first through third months immediately preceding the applicable quarterly adjustment date.

The actual total cost of UMWA Welfare at Randolph Complex shall be converted to cost per Ton by dividing said actual total costs by the number of Tons produced for sale at the Randolph Complex during the corresponding three month period.

The actual total cost of UMWA Welfare at Federal Complex shall be converted to a cost per Ton by dividing said actual total costs by the number of tons produced for sale at the Federal Complex during the corresponding three month period.

An example of the computation of this Per Ton Adjustment pursuant to this Section 9.6 is attached hereto as Annex K.

9.7 Adjustments for Changes in Other Costs, Capital Recovery, Return on Investment, and Administrative and General. Commencing and effective on April 1, 1988, and effective each July 1, October 1, January 1, and April 1, thereafter ("quarterly adjustment dates") the Base Other Costs, Capital Recovery, Return on Investment, and Administrative and General Cost Component of $8.35 per Ton shall be adjusted to reflect changes occurring after January 1, 1988, as provided below. The Base Other Costs, Capital Recovery, Return on Investment, and Administrative and General Cost Component will not change. Regardless of actual changes in these costs, adjustments under this Section 9.7 shall be based on changes in the indices listed in Annex L. For the purpose of calculations under Section 9.7, the "Base Index" will consist of (1) the Consumer Price Index for All Urban Consumers (CPI-U) as first published for the month of November, 1987; and

(2) the Final GNP Implicit Price Deflator for the Third Quarter, 1987 as published by either the U.S. Department of Labor, Bureau of Labor Statistics, or the U.S. Department of Commerce, Bureau of Economic Analysis. The Base Index will be divided into the "Current Index" which will consist of (1) the Consumer Price Index for All Urban Consumers (CPI-U) as first published for the months of February, May, August, and November; and (2) the Final GNP Implicit Price Deflator for the Fourth Quarter, First Quarter, Second Quarter, and Third Quarter as published by either the U.S. Department of Labor, Bureau of Labor Statistics, or the U.S. Department of Commerce, Bureau of Economic Analysis, and the price will be adjusted April 1, July 1, October 1, and January 1, respectively. After each Current Index is divided by the respective Base Index, the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will then be multiplied by the respective Index Weight listed in Annex L and the sum thereof will be the "Weighted Percentage Change." The Weighted Percentage Change will be multiplied by the Base Other Costs, Capital Recovery, Return on Investment, and Administrative and General Cost Component to arrive at the "Adjusted Other Costs, Capital Recovery, Return on Investment, and Administrative and General Cost Component." A Per Ton Adjustment will then be made by subtracting the Base Other Costs, Capital Recovery, Return on Investment, and Administrative and General Cost Component and previous Per Ton Adjustments pursuant to this Section 9.7, from the Adjusted Other Costs, Capital Recovery, Return on

Investment, and Administrative and General Cost Component. An example of the computation of the Per Ton Adjustment pursuant to this Section 9.7 is attached hereto as Annex L.

9.8 Adjustments for Changes in West Virginia Severance Tax. The "Base West Virginia Severance Tax Cost Component" shall be $0.49 per Ton. The Base West Virginia Severance Tax Cost Component shall not change.

The Billing Price shall be adjusted for changes in West Virginia Severance Tax whenever there is a Per Ton Adjustment calculated pursuant to Section 9.2 through 9.7 and 9.9, or there is a change in the calculations or assumptions on which West Virginia Severance Tax is determined. As of January 1, 1988, West Virginia Severance Tax is not imposed on Seller's Transportation Cost.

An "Adjusted West Virginia Severance Tax Cost Component," will be calculated in accordance with the formula set forth in Annex M. A Per Ton Adjustment will be determined by subtracting the Base West Virginia Severance Tax Cost Component and previous Per Ton Adjustments pursuant to this Section 9.8, from the Adjusted West Virginia Severance Tax Cost Component. An example of the computation of the Per Ton Adjustment for West Virginia Severance Tax pursuant to this Section 9.8 is attached hereto as Annex M.

9.9 Adjustment for Changes in Government Imposition. The term "Government Imposition," as used in this Agreement, includes any tax or fee imposed on Seller by any government or government agency, or any statute, administrative regulation or ruling,

state or local ordinance, or the like affecting the production, preparation, blending, loading, transporting or sale of coal or reclamation hereunder. The term does not include any employer's social security or unemployment taxes or impositions, such as federal or state income taxes or excise taxes, which are not levied upon the production, preparation, blending, loading, transportation or sale of coal or reclamation of any coal property hereunder, or any other cost specifically excluded below.

The Base Price stated in Section 9.0 is calculated based on a blend of 50% Randolph Complex and 50% Federal Complex and includes all costs of compliance at the Randolph Complex, the Federal Complex and Shawneetown Dock with all Government Impositions in effect on January 1, 1988, regardless of whether or not Seller is actually in compliance with all Government Impositions as of that date, including without limitation the Federal Coal Mine Health and Safety Act of 1969, the Black Lung Benefits Revenue Act of 1977, and the Surface Mining Control and Reclamation Act of 1977, all as amended and as interpreted in regulations of the government enforcing authority; and the Federal Reclamation Tax and Federal Black Lung Tax. It is recognized that effective January 1, 1988, the Base Price includes $1.10 per Ton for Federal Black Lung Excise Tax, $.15 per Ton for Federal Reclamation fee, the applicable amount of West Virginia Severance Tax and the applicable amount for West Virginia Reclamation Fee. Although Buyer is reimbursing Seller for Black Lung Excise Tax and Reclamation Fee at the underground

mined coal rates of $1.10 per Ton and $.15 per Ton respectively, Seller shall submit to Buyer a quarterly statement certifying the proportion of coal sold hereunder during such quarter which was produced by surface mining. If in any such quarter, the proportion of surface mined coal exceeds thirty-five (35%) percent, then the reimbursement for the Reclamation Tax and Black Lung Tax shall be adjusted retroactively for such quarter to reflect the actual quantities of surface and underground coal.

Price adjustments shall also be made for changes in costs due to Seller's compliance with (1) amendments to Government Impositions after January 1, 1988; (2) requirements of new Government Impositions which are enacted or promulgated by legislatures or administrative agencies after January 1, 1988; or (3) final judgments, orders or decrees issued after January 1, 1988, by any court of law or equity or any administrative agency, which reflect new and different interpretations of Government Impositions where such changes in costs directly affect and are binding upon the mines from which coal is supplied hereunder and the operation or the reclamation thereof. Such changes in cost shall hereinafter be called "Changes in Costs." Changes in Costs shall not include and no price adjustments shall be made for costs due to compliance with (1) any Government Imposition in effect as of January 1, 1988, or specifically included in the Base Price by Section 9.1, regardless of whether the Base Price reflected the full costs of compliance with such Government Impositions; or (2) any civil or criminal fine or penalty imposed as the result of failure to comply with any Government

Imposition; or (3) any changes in the millage rate or valuation of real or personal property for purposes of assessing any existing ad valorem tax; or (4) any changes for which adjustments have been made pursuant to Sections 9.2 through 9.8 and 9.10 of this Agreement.

In the event and whenever after January 1, 1988, there is a change to an existing Government Imposition or there is a new Government Imposition, Seller shall give Buyer written notice thereof within sixty (60) days of the effective date of the new or changed Government Imposition.

If the new or changed Government Imposition is a tax or fee which is expressly imposed as a percent of the Billing Price or on a per Ton basis, Seller shall submit a claim within sixty (60) days of the effective date of the new or changed Government Imposition which shall be processed in accordance with the provisions of this Section 9.9.

If the new or changed Government Imposition is not stated in cents per Ton or not expressed as a percent of the Billing Price, Seller shall, as soon as possible, prepare and submit to Buyer a statement ("Statement") in a format acceptable to Buyer detailing Seller's determination of the actual cost impact of such change in Government Imposition applicable to the coal delivered to Buyer hereunder.

Seller may submit to Buyer in a format acceptable to Buyer an estimate ("Estimate") of the cost impact of such change in Government Imposition prior to Seller's preparation of the Statement. If Seller elects to submit an Estimate, the Estimate

shall serve as the basis for payment until Seller's Statement reflecting the actual cost impact is prepared by Seller and received by Buyer, which Statement shall be provided to Buyer no later than eighteen (18) months following Buyer's receipt of the Estimate. When such Statement is submitted, such Statement shall govern the payments under this Section 9.9 and any overpayments made pursuant to Seller's Estimate shall be refunded by Seller with the Statement and any underpayments shall be remitted by Buyer within ten (10) days following receipt of the Statement. If Seller's Estimate is determined to be ten percent (10%) above the actual amount contained in the Statement, Seller shall also pay to Buyer interest at the annual percentage rate of Citibank Prime plus one percent (1%) on that amount over the Estimate commencing with the date of tender of payment of the Estimate. This cost impact shall be converted to a Per Ton Adjustment by adding the actual change in the cost per Ton at Federal Complex multiplied by 50%, and the actual change in the cost per Ton at Randolph Complex multiplied by 50%.

The actual change in the cost per Ton at Federal Complex will be calculated by dividing the actual total change in costs at Federal Complex by Tons produced at Federal Complex during the same period.

The actual change in the cost per Ton at Randolph Complex will be calculated by dividing the actual total change in costs at Randolph Complex by Tons produced at Randolph Complex during the same period.

The documentation and data required for Government Imposition adjustments shall be based on an adequate period of experience in compliance with a new or changed Government Imposition but in no case shall such adequate period exceed twelve (12) months. Buyer shall not be required to pay for any Changes in Costs pursuant to this Section 9.9 prior to the effective date of such Changes in Costs. In the case of a determination of a Change in Costs which is an increase, an adjustment to the Billing Price shall be made for the period no more than twelve (12) months prior to the receipt by Buyer of Seller's Statement or Estimate, and during which time such new or changed Government Imposition was in effect. In the case of a Change in Costs which is a decrease, an adjustment to the Billing Price shall be made from the date such new or changed Government Imposition was in effect. Buyer shall have the right to require Seller to evaluate and submit a claim for a Change in Costs if Seller fails to do so after a new or changed Government Imposition is effective.

Any amount due either Seller or Buyer under this Section 9.9 for Changes in Costs shall be paid in full without interest within three (3) months following receipt of the Estimate or, if no Estimate is provided, within three (3) months following receipt of the Statement. Alternatively, a party may pay any amount due the other party within the next twelve (12) month period following receipt of the Statement or Estimate, provided such party agrees to pay the other party interest at the annual percentage rate of Citibank Prime plus one percent (1%) on the

unpaid amount due the other party from and after the commencement of the fourth month until paid.

9.10 Adjustments for Changes in Seller's Transportation Cost. Seller's Transportation Cost shall consist of the Inbound Barge Transportation Cost Component, the Other Transportation Cost Component and the Blending Cost Component. Seller's Transportation Cost shall be added to the price of all Tons of coal sold hereunder as provided in Section 11.0, regardless of how the coal is actually transported or whether the coal is blended or unblended. When Deferred Tonnage is supplied hereunder, Buyer's payment of Seller's Transportation Cost shall be based on the provisions in Section 6.2 of this Agreement to determine whether the price shall be calculated as of the date of shipment or as of the date of the notice of the event creating the Deferred Tonnage.

9.10 (1) Inbound Barge Transportation Cost. Inbound Barge Transportation Cost shall include barge transportation from the Mid-America Fleet Area, located near Mile Post 115 on the upper Mississippi River, and barge transportation from Jacks Run Dock, located near Mile Post 3.6 on the Ohio River and/or Glassport Dock located near Mile Post 18.9 on the Monongahela River to the Shawneetown Dock.

The Inbound Barge Transportation Cost Component shall include receiving, transporting and delivering coal in barges provided by Seller's carrier, taxes, charges or tolls which are in excess of the rates, or in addition to the rates established as of January 1, 1988, and adjustments for lock delay times as

provided in the transportation agreement between Seller and Seller's contractor hereinafter called the "Inbound Barge Transportation Agreement" and attached hereto as Annex N.

The "Base Inbound Barge Transportation Cost Component" shall be $3.35 per Ton.* The Base Inbound Barge Transportation Cost Component shall not change.

* This rate is for receiving, transporting and delivering of coal in barges, and does not include additional taxes or adjustments for lock delay times.

An "Adjusted Inbound Barge Transportation Cost Component" shall be determined whenever, after January 1, 1988, there is a change in the transportation cost under Section 6.1 of the Inbound Barge Transportation Agreement. The Adjusted Inbound Barge Transportation Cost Component shall be based on the sum of fifty percent (50%) of each of the costs per Ton of barging coal from the Mid America Fleet Area to Shawneetown Dock and the Jacks Run Dock/Glassport Dock to Shawneetown Dock. A Per Ton Adjustment shall be calculated by subtracting the Base Inbound Barge Transportation Cost Component and previous Per Ton Adjustments pursuant to this Section 9.10 (1) from the Adjusted Inbound Barge Transportation Cost Component.

In the event that Seller is required to reimburse Seller's contractor for any additional costs due to taxes, charges or tolls as provided in Section 6.2 of the Inbound Barge Transportation Agreement which are in excess of the rates, or in addition to the rates established on January 1, 1988, then Buyer shall reimburse Seller for the amount paid to Seller's contractor

pursuant to the terms of the Inbound Barge Transportation Agreement. Seller shall pay to Buyer the actual amount Seller receives from Seller's contractor for reimbursement of taxes, service charges or tolls pursuant to Section 6.2 of the Inbound Barge Transportation Agreement.

Whenever after February 1, 1988, Seller is required to pay to Seller's contractor or said contractor is required to pay Seller for lock delay time adjustments as provided in Section 6.3 of the Inbound Barge Transportation Agreement, then Buyer shall pay to Seller the actual amount paid by Seller to Seller's contractor or Seller shall reimburse Buyer for the actual amount paid by Seller's contractor to Seller. Buyer shall be required to pay Seller for lock delay time adjustments only when such lock delays result from congestion at the lock caused by barges not associated with Seller's contractor's performance under this Agreement. Buyer shall reimburse Seller for actual costs incurred by Seller under Sections 6.1, 6.2 and 6.3 of the Inbound Barge Transportation Agreement and Buyer shall not reimburse Seller for any demurrage charges or any costs under any other Sections of the Inbound Barge Transportation Agreement. Seller shall reimburse Buyer the actual amount Seller receives from Seller's contractor for aggregate locking hours less than the designated minimum pursuant to Section 6.3 of the Inbound Barge Transportation Agreement.

Section 26.0 of the Inbound Barge Transportation Agreement acknowledges that legal proceedings between Seller and Seller's contractor may be necessary to resolve any disputes. Seller

agrees that if Buyer deems it to be in its best interest that a matter be contested and legal proceedings commenced that relate to Sections 6.1, 6.2 and 6.3 of the Inbound Barge Transportation Agreement, Seller shall commence such proceedings, and if required by law, shall do so in its name, but on behalf of and for the benefit of Buyer. Buyer agrees that prior to requesting Seller to commence such proceedings, it will make best efforts to bring such actions in its own name. If such action is required to be invoked by Seller at the request of Buyer, Buyer shall be responsible for said action and will prosecute and/or defend its rights thereunder at its own expense. Seller agrees to cooperate in good faith with Buyer in its exercise of the rights provided in this paragraph.

Should Seller elect to exercise its rights to commence legal proceedings pursuant to Section 26.0 of the Inbound Barge Transportation Agreement, Seller shall first give Buyer thirty (30) days notice of its intent to do so. Within such period, Buyer shall notify Seller of its support for or opposition to Seller's intent. Should Buyer agree to such action, Buyer shall be bound by such legal proceedings relating to disputes that may affect the provisions of this Section 9.10(1). Should Buyer object, Seller shall be responsible for all cost increases resulting from such action. Should Buyer object to such action and Seller decide not to commence legal proceedings relating to the dispute, any amounts that would otherwise be payable by Buyer under this Section 9.10(1) shall be paid by Buyer pursuant to the terms of

Section 9.10(1), notwithstanding the fact that the dispute was not litigated.

9.10(2) Other Transportation Cost. The "Base Other Transportation Cost Component" shall be Three Dollars and Eight Cents ($3.08) per Ton. The Base Other Transportation Cost Component will not change.

Other Transportation Cost shall include barge transportation from Kaskaskia Dock to the Mid-America Fleet Area, located near Mile Post 115 on the upper Mississippi River, rail transportation from Federal Complex to Jack's Run Dock located near Mile Post 3.6, on the Ohio River, or to Glassport Dock located near Mile Post 18.9 on the Monongahela River and transloading services at Jack's Run Dock or Glassport Dock.

Commencing and effective on January 1, 1988, and effective each April 1, July 1, October 1, and January 1, thereafter ("quarterly adjustment dates"), the Base Other Transportation Cost Component shall be adjusted to reflect changes occurring after October 1, 1987, as provided below.

Regardless of actual changes in Seller's Other Transportation Cost, adjustments under this Section 9.10(2) shall be based on changes in the indices listed in Annex O attached hereto. To calculate adjustments under this Section 9.10(2), a "Base Index" will consist of (1) the Consumer Price Index, All Items, Urban Wage Earners and Clerical Workers (CPI-W), as first published for the month of August, 1987; and (2) the Final Rail Cost Adjustment Factor (RCAF), published for the third quarter of 1987; and (3) Petroleum Products Refined - BLS Code 057 as first published for

the month of August, 1987; as published by either the U. S. Department of Labor, Bureau of Labor Statistics, or the Interstate Commerce Commission.

The Base Index will be divided into the "Current Index", which will consist of (1) the Consumer Price Index, All Items, Urban Wage Earners and Clerical Workers (CPI-W), as first published for the months of November, February, May, and August; and (2) the Final Rail Cost Adjustment Factor published for the fourth quarter, first quarter, second quarter, and third quarter; and (3) Petroleum Products Refined - BLS Code 057 as first published for the months of November, February, May, and August, as published by either the U. S. Department of Labor, Bureau of Labor Statistics, or the Interstate Commerce Commission, and a Per Ton Adjustment will be made on January 1, April 1, July 1, and October 1, respectively. After each Current Index is divided by the respective Base Index, the resulting quotient (expressed to the nearest tenth of a percentage point) shall be called the "Percentage Change." The Percentage Change will then be multiplied by the respective Index Weight listed in Annex O and the sum thereof will be the "Weighted Percentage Change." The Weighted Percentage Change will be multiplied by the Base Other Transportation Cost Component to arrive at an "Adjusted Other Transportation Cost Component." A Per Ton Adjustment will then be made by subtracting the Base Other Transportation Cost Component and previous Per Ton Adjustments pursuant to this Section 9.10(2) from the Adjusted Other Transportation Cost Component. An example of the computation of the Per Ton

Adjustment pursuant to this Section 9.10(2) is attached hereto as Annex O.

In the event that a material change in the rules governing or the method of computing the RCAF occurs after the Effective Date, rate adjustments will continue to be governed by changes in the RCAF as such changes were computed at the Effective Date.

In the event and whenever after January 1, 1988, there is a change in Other Transportation Costs due to any federal, state or local taxes (except federal, state or local income taxes or their equivalent) on the transportation of coal hereunder; or any taxes, service charges or tolls for the use of rivers or locks in the transportation of coal hereunder which are in excess of those existing prior to and which were assessed as of January 1, 1988, Seller shall add the change in such taxes, service charges or tolls to the Other Transportation Cost Component to reflect such change. The Per Ton Adjustment shall be calculated based on the sum of fifty percent (50%) of each of the costs per Ton of transporting coal from Kaskaskia Dock to the Mid-America Fleet Area and from Federal Complex to Jacks Run Dock or Glassport Dock for the amount by which such taxes, tolls or charges so paid are in excess of the rates of, or are in addition to, such taxes, service charges or tolls established, charged or assessed of January 1, 1988.

The Base Other Transportation Cost Component includes all existing taxes, service charges and tolls, at their existing rate as of January 1, 1988 as applied to the transportation services to be provided pursuant to this Section 9.10(2), and the use of

rivers and lock to be made, but Seller could not consider in computing the Base Other Transportation Cost Component any increases in the rates of such taxes, service charges or tolls from the rates being assessed on January 1, 1988 and could not consider any new taxes, service charges or tolls which may be imposed after January 1, 1988.

9.10 (3) Blending Cost. The Blending Cost Component shall include unloading, stockpiling, blending, and reloading of the coal at the Blending Point.

Commencing and effective on April 1, 1988, and effective each July 1, October 1, January 1, and April 1, thereafter ("quarterly adjustment dates") the Base Blending Cost Component of $1.25 per Ton shall be adjusted to reflect changes occurring after January 1, 1988 as provided below. The Base Blending Cost Component will not change. Regardless of actual changes in Seller's Blending cost, adjustments under this Section 9.10 (3) shall be based on changes in the indices listed in Annex P. To calculate adjustments under this Section 9.10 (3), a "Base Index" will be used consisting of Indices for the month of November, 1987 as first published by the U. S. Department of Labor, Bureau of Labor Statistics. The Base Index will be divided into the "Current Index", which will consist of Indices as first published by the U. S. Department of Labor, Bureau of Labor Statistics for the months of February, May, August, and November, and the price will be adjusted April 1, July 1, October 1, and January 1, respectively. After each Current Index is divided by the respective Base Index, the resulting quotient (expressed to the

nearest tenth of a percentage point) shall be called the "Percentage Change". The Percentage Change will then be multiplied by the respective Index Weight listed in Annex P and the sum thereof will be the "Weighted Percentage Change." The Weighted Percentage Change will be multiplied by the Base Blending Cost Component to arrive at the "Adjusted Blending Cost Component." A Per Ton Adjustment will then be made by subtracting the Base Blending Cost Component, and previous Per Ton Adjustments pursuant to this Section 9.10 (3) from the Adjusted Blending Cost Component.

An example of the computation of the Per Ton Adjustment pursuant to this Section 9.10 (3) is attached hereto as Annex P.

If, after January 1, 1988, there is a change in a Government Imposition as defined in Section 9.9 which would change the cost of blending the coal at the Blending Point, then Buyer will reimburse Seller or Seller will reimburse Buyer in accordance with Section 9.9. However, the Per Ton Adjustment will be calculated by dividing the actual change in costs at the Blending Point by the total Tons shipped from such Blending Point during the same period.

9.10(4) Amendments. Amendments to the Inbound Barge Transportation Agreement shall be governed by Section 29.0.

9.10(5) Audit Rights. Buyer and Seller are granted audit rights under the Inbound Barge Transportation Agreement. Buyer and Seller agree that the results of any audit performed under the Inbound Barge Transportation Agreement will be shared between the parties. Seller shall provide to Buyer all documentation of

claims for revised rates and other claims provided to Seller under the Inbound Barge Transportation Agreement. Buyer agrees to pay Seller's contractor the actual cost for any audits Buyer requests if the party requesting the audit is required to pay for such audit costs under the Inbound Barge Transportation Agreement.

Buyer agrees to pay Seller's contractor the costs and expenses with respect to any tax, charge, toll or tax increase Seller's contractor contests at Buyer's request as provided in Section 6.2 of the Inbound Barge Transportation Agreement. Seller shall use reasonable efforts to ensure that Buyer's audit rights under Section 19.0 of the Inbound Barge Transportation Agreement are protected.

9.11 Price Renegotiation. The Billing Price and Seller's Transportation Cost shall be subject to redetermination as of the Market Adjustment Date provided that either party has requested such redetermination by written notice to the other by March 1, 1997 or March 1, 2002, as the case may be. After receipt of such notice, the parties shall negotiate in good faith to establish a new Billing Price and Seller's Transportation Cost which, when added to Buyer's Transportation Cost, shall be reflective of the market price as of the Market Adjustment Date of a similar quantity and quality of coal purchased under agreements with similar terms and conditions for delivery to Plant Crist.

If the parties do not agree upon a Market Adjusted Billing Price and a Market Adjusted Seller's Transportation Cost within

ninety (90) days of the above written notice, a Matching Price shall be determined by the following procedure: Buyer shall solicit bids for similar quality coal no later than one hundred twenty (120) days preceding the Market Adjustment Date. Such solicitation shall contain the following terms: (i) provisions similar to the Coal Supply Agreement including the Coal Supply Agreement's provision for a market price review effective February 1, 2003; (ii) a term coinciding to the remainder of this Coal Supply Agreement; (iii) a minimum quantity per bid of 750,000 Tons annually and a total solicitation of at least 1,900,000 Tons annually; (iv) each bidder will warrant and demonstrate to Buyer that it can furnish coal meeting the quality and quantity requirements of its bid.

Buyer shall also solicit bids and/or negotiate rates no later than one hundred twenty (120) days preceding the Market Adjustment Date for the transportation and/or handling services necessary for the delivery of coal to Plant Crist. All bids shall be effective as of the Market Adjustment Date.

Buyer shall determine the weighted average cost per MBtu of the bids totaling 1,900,000 Tons annually delivered to Plant Crist which Buyer is prepared to accept for coal and transportation and/or handling services (regardless of whether the coal prices contained in such bids are higher or lower than the Billing Price then in effect under this Agreement). This weighted average cost per MBtu of coal delivered to Plant Crist shall be the Matching Price.

Buyer shall send Seller a written notice on or before sixty (60) days preceding the Market Adjustment Date, which notice shall contain (i) a certification by an officer of Buyer that the bidding has been accomplished in accordance with this Section 9.11 and (ii) the amount of the Matching Price. Buyer's written certification shall identify all terms and conditions of the final coal bid(s) and all terms and conditions of the final transportation and/or handling bid(s) that Buyer is prepared to accept. Buyer's notice shall also contain the "Market Adjusted Buyer's Transportation Cost" from the Blending Points and/or the Outbound Loading Points existing under the Agreement as of the date of the notice as determined from Buyer's contract with Orgulf Transport Co., if applicable, and/or transportation costs determined by the negotiation or bid solicitation procedure provided herein. Seller shall have thirty (30) days from receipt of Buyer's notice to advise Buyer in writing whether, when including the Market Adjusted Buyer's Transportation Cost, it will supply coal at a price whereby the Market Adjusted Delivered Price equates to the Matching Price. Seller's notice shall specify the mine(s) from which the coal shall be supplied and the Tonnage to be supplied from each such mine. The mine(s) specified in Seller's notice shall be only those previously approved by Buyer pursuant to Section 6.3 of this Agreement unless Buyer agrees to allow Seller to supply coal from other mines. If Buyer so agrees, the limitations contained in Section 6.3 relative to the Delivered Price per MBTU shall apply.

If Seller agrees to supply coal at a price whereby the Market Adjusted Delivered Price will equate to the Matching Price as aforesaid, effective on this Market Adjustment Date, the Matching Price shall become the Market Adjusted Delivered Price and shall be substituted for the then existing Delivered Price; the Market Adjusted Billing Price shall be substituted for the then existing Billing Price; the Market Adjusted Seller's Transportation Cost shall be substituted for the then existing Seller's Transportation Cost. The components of the Market Adjusted Billing Price and the Market Adjusted Seller's Transportation Cost shall be re-established by the parties on a basis comparable to the basis used to establish the initial components of the Base Price and Seller's Transportation Cost. If Seller contracts for transportation under Section 2.0 of the Inbound Barge Transportation Agreement with an entity not then currently providing transportation for Seller pursuant to Section 9.10(1) of this Agreement, Buyer shall have the right to review and accept the terms and conditions of the new contract prior to its execution. Buyer's acceptance of the new contract shall not be unreasonably withheld and shall be based on the provisions of the new contract that may affect Buyer's rights and obligations under this Agreement.

If Seller fails to notify Buyer as aforesaid and accept the Market Adjusted Price, this Coal Supply Agreement shall terminate on the Market Adjustment Date and neither party shall have any further rights or obligations under this Coal Supply Agreement.

Upon written request by either party to the other by March 1, 1997 or March 1, 2002, as the case may be, the parties shall review the price escalation provisions and the coal specifications provided in Sections 9 and 7, respectively. After receipt of such notice, the parties shall negotiate in good faith the appropriateness and applicability of such price escalation and specification provisions. If the parties do not agree upon any changes to the price escalation and/or coal specifications provisions within ninety (90) days of the above written notice, the coal specifications and price escalation provisions as provided in Sections 7 and 9 shall remain unchanged.

10.0 Billing Procedures, Reports, Invoices and Payment. Seller shall prepare and send to Buyer an invoice and report for all coal shipped from each Outbound Loading Point twice a month ("Semi-Monthly Billing"). The first invoice will be for coal shipped from the first to the fifteenth day of the month and the second invoice will be for coal shipped from the sixteenth through the last day of the month. Such reports shall show the identification of such coal, the barge from which samples were taken, and the loaded weight of each barge. The invoice shall likewise separately designate those costs associated with the Billing Price and Seller's Transportation Cost. The invoice shall be in substantially the form provided in Annex Q attached hereto and may contain such other information as reasonably required by Buyer from time to time.

For payment or credit based on the calorific value adjustment ("Calorific Value Adjustment"), Seller shall submit to Buyer

once a month an invoice or credit memo and reports containing the analysis of each Shipment received, the monthly weighted average analysis and computations of the Calorific Value Adjustment for coal shipped during the preceding month for each Outbound Loading Point. The Calorific Value Adjustment mechanism is further detailed and illustrated in Section 11.0.

Within ten (10) working days after receipt of such reports and invoices, Buyer shall pay such invoices by mail. If any price adjustment is in process, invoicing shall be on the basis of the existing Billing Price and Seller's Transportation Cost, and an appropriate adjustment shall be made as soon as the new Billing Price and Seller's Transportation Cost is determined.

11.0 Billing Formula. The Semi-Monthly Billing amount shall be calculated based on:

A = Weights of coal shipped from each Outbound Loading Point, as provided in Section 13.

B = The Billing Price Per Ton.

C = Seller's Transportation Cost. When computing the Semi-Monthly Billing amount pursuant to this Section 11.0, Seller's Transportation Cost shall be added to the Billing Price for all Tons of coal sold hereunder as provided in this Section 11.0, regardless of how the coal is actually transported or whether the coal is blended or unblended.

The calculation of the Semi-Monthly Billing for each Outbound Loading Point shall be determined as follows:

$$A \times (B + C)$$

77

The Calorific Value Adjustment amount shall be calculated based on:

D = Weights of all coal shipped from each Outbound Loading Point during the month as determined pursuant to Section 13.

E = The actual weighted average calorific value in "as received" Btu's per pound for coal shipped from each Outbound Loading Point during the month as determined pursuant to Section 12.

F = The Billing Price per Ton

G = Seller's Transportation Cost

The calculation of the Calorific Value Adjustment shall be determined as follows:

$$D \times \frac{E}{11,900} \times (F + G) \text{ less Semi-Monthly Billing payments}$$

12.0 Sampling and Analysis. Seller or Seller's contractor shall provide at the Outbound Loading Point a mechanical sampling system of the "cutting the full coal stream" type or other system acceptable to Buyer. The design and operation of the sampling system shall be in accordance with the then American Society for Testing and Materials ("ASTM") Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis." The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing. Buyer and Seller shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

Seller and Buyer or their designated representatives and members of regulatory bodies having jurisdiction over Buyer may observe any sampling and sample preparation performed by Seller or Seller's contractor.

Representative samples shall be collected using the mechanical sampling system as described above at the Outbound Loading Points. The final sample of eight (8) mesh coal from the mechanical sampling system shall be reduced to at least four (4) 1000 gram laboratory samples, at the Outbound Loading Points in accordance with the then ASTM Standard D-2013 "Preparing Coal Samples for Analysis", using an enclosed riffle to minimize moisture loss. One laboratory sample will be analyzed by Seller or Seller's contractor for moisture, ash, sulfur, and Btu. One laboratory sample will be used to make the bi-weekly composite for Grindability, Volatile Matter and Ash Fusions analyses. Two laboratory samples will be retained by Seller for thirty (30) days from date of shipment as reserve samples.

The laboratory samples shall be analyzed by the Seller or Seller's contractor in accordance with Annex R attached hereto, and the results of such analysis shall be used for adjustment of coal price for quality as provided hereunder in Section 11.0 and for determining compliance with coal quality specifications in Section 7.0. Seller shall assure that a copy of such analysis is forwarded to Buyer as soon as possible but within seventy-two (72) hours after taking samples of the coal. If Seller fails to provide such analysis as specified, Buyer shall delay unloading

until such analysis is received and Seller shall be liable for any reasonable costs caused by the delay.

For Grindability, Volatile Matter and Ash Fusion analyses for rejection purposes, Seller or Seller's contractor, as the case may be, shall prepare and analyze the bi-weekly composite sample of all Shipments loaded during a two (2) week period based on at least 15,000 Tons. A sample from the bi-weekly composite will be retained to be used as a referee sample in the event a dispute arises in Grindability, Volatile Matter or Ash Fusion analyses. Seller shall provide the results of such composite to Buyer as soon as possible but within seventy-two (72) hours after taking the last sample for the two (2) week period.

Annex R delineates laboratory sample preparation and analytical procedures which are in accord with ASTM and industry standards and which are to be used by Seller or Seller's contractor as provided in this Section 12.

If a dispute arises between Buyer and Seller over the results of moisture, ash, sulfur, or Btu analyses, the laboratory sample reserved for settlement of disputes shall be sent to a qualified independent laboratory, selected jointly by Buyer and Seller, which shall conduct a referee analysis in accordance with Annex R. The cost of any such referee analysis shall be borne equally by Buyer and Seller.

With respect to a dispute pertaining to the calorific value of the coal as shown by the analysis, the analysis of Seller or Seller's contractor shall be deemed to have been confirmed if the dry basis Btu content of the analysis of such independent

laboratory differs from Seller's or Seller's contractor's analysis by no more than 100 Btu per pound; otherwise the independent laboratory's analysis shall govern. With respect to disputes involving other items of the analysis, the analysis of Seller or Seller's contractor shall be deemed to have been confirmed if the difference between the analysis of such independent laboratory and the analysis of Seller or Seller's contractor is within the tolerances specified in the applicable ASTM Standards. In the event that a difference in any disputed item other than Btu of Seller's or Seller's contractor's analysis and the independent laboratory's analysis of the referee sample exceeds tolerances specified in the then current ASTM standards, the complete analysis of the referee sample shall govern.

13.0 Weighing. Coal provided by Seller under this Agreement shall be weighed by Seller or Seller's contractor as provided in this Section.

The net weight of coal for each Shipment sold and delivered hereunder shall be determined from Seller's or Seller's contractor's certified scale located at the Outbound Loading Point which has been inspected by Buyer and inspected and approved by the applicable certifying authority. Said scale and method of weighing shall be operated in a manner acceptable to the Buyer and Seller. Said scale shall be maintained, tested and certified in accordance with the Rules and Regulations contained in the National Bureau of Standards "Handbook 44," "Specifications, Tolerances and other Technical Requirements for Commercial Weighing and Measuring Devices." All scales used to determine

the governing weight of coal shall be material tested and certified on a semi-annual basis. The weighing system shall be maintained at all times as close as practicable to the condition established during the certification tests. All maintenance, other than routine, or modifications to the weighing system shall be reported to Buyer. In the absence of scale weights from Seller, Buyer and Seller shall mutually agree by what means the weight of coal sold, delivered and purchased hereunder shall be determined.

A net weight shall be determined and reported for each Shipment of coal hereunder. Buyer shall have the right to have representatives and members of regulatory bodies having jurisdiction over Buyer present at any and all times to observe determination of weights. If Buyer should at any time question the accuracy of the weights thus determined, Buyer shall so advise Seller and Seller shall permit Buyer's representatives to test Seller's weighing devices or methods. If such tests show the weighing devices to be out of tolerance, or if the weighing devices otherwise are determined to be out of tolerance, the weighing devices shall be adjusted to an accurate condition. In the event Buyer and Seller are unable to agree upon such tests and adjustments, or the devices or methods thereof, the weighing devices and methods shall be tested and adjusted to a condition of accuracy by a qualified third party, mutually chosen by Buyer and Seller, and the cost of the testing and adjusting by such third party shall be shared equally by Buyer and Seller.

If Seller's weighing devices or methods are determined to be out of tolerance as established by the applicable standards as specified in this Section 13.0, an appropriate adjustment shall be made to the affected weights and related invoices and payments. Such adjustments shall be made retroactively to a date midway between the date on which the weighing devices were last certified and the date on which the out of tolerance condition caused by weighing methods or devices was first questioned and prospectively until the date on which the weighing methods and devices were corrected.

14.0 Force Majeure.

14.1 Force Majeure Defined. As used herein, the term "Force Majeure" shall be any act, event or condition which has had a material adverse effect on the mining, loading, blending (if applicable), transloading or transporting of the coal by Seller or its contractor(s) or the receiving, accepting, unloading, burning, utilizing, blending (if applicable), transloading or transporting of the coal by Buyer or Buyer's contractor which results in a partial or total curtailment of either party's fulfillment of any obligation or compliance with any condition hereunder if such act, event or condition is beyond the reasonable control of the party relying thereon as justification for not performing an obligation or complying with any condition required of such party under this Agreement. Such acts, events or conditions include but are not limited to the following: (a) an act of God (such as cyclone, earthquake, flood, landslide, lightning, abnormal storm, tornado, hurricane, impassable roadway

or riverway or other cataclysmic phenomenon of nature); (b) fires and explosions; (c) epidemics; (d) a national emergency or act of the public enemy, such as war, riot, terrorist activities, general unrest or civil disorder; (e) strikes, labor disputes, walk-outs or similar occurrences; (f) accidents of navigation; (g) orders, judgments or other governmental actions by any federal, state or local court, administrative agency or other governmental body; (h) suspension, termination, interruption, denial or failure of renewal or approval of any permit, license, consent or authorization; or (i) adoption or any material change in substance or interpretation of any federal, state or local law, ordinance, code, regulation, court order or administrative order concerning the rights and obligations hereunder. The disabling effects of such Force Majeure shall be eliminated as soon as reasonably possible and to the extent reasonably possible (except that either party may settle any of its own labor disputes and strikes or terminate any of its own lockouts in its sole discretion).

14.2 Inability of Seller to Perform Due to Force Majeure. If at any time Seller is unable to perform its obligations under this Agreement due to an event of Force Majeure, Seller shall be excused from such failure to perform to the extent of such inability caused by the event of Force Majeure, except Seller shall not be excused from performance because of the development or existence of economic conditions which may adversely affect the anticipated profitability of the mining activities of Seller hereunder or acts or omissions of Seller which constitute

mismanagement or reduced productivity of labor employed by Seller in its mining activity hereunder. Seller may supply Make Up Tonnage not delivered as a result of Seller's nonpermanent force majeure pursuant to Section 6.2. Nothing in this Section shall operate to increase the total number of Tons to be supplied under this Agreement in any Year or to extend the term of this Agreement except as provided in Section 6.2.

14.3 Inability of Buyer to Perform Due to Force Majeure. If at any time Buyer is unable to perform its obligations under this Agreement due to an event of Force Majeure, Buyer shall be excused from such failure to perform to the extent of such inability caused by the event of Force Majeure, except Buyer shall not be excused from performance because of the development or existence of economic conditions which may adversely affect the anticipated profitability of Buyer's sale of power generated from the burning of the coal supplied by Seller hereunder, or acts or omissions of Buyer which constitute mismanagement by Buyer in its power generation and coal utilization activities hereunder. Seller may supply Make Up Tonnage not delivered as a result of Buyer's nonpermanent Force Majeure pursuant to Section 6.2. Nothing in this Section shall operate to increase the quantity of coal to be supplied under this Agreement except as provided in Section 6.2.

14.4 Notification of an Event of Force Majeure. No obligations under this Agreement are excused by reason of an event of Force Majeure until a written notice is sent to the other party after the commencement of any actual suspension or reduction of

operation caused by such event. Such notice shall state in reasonable detail, and with supporting documentation, the causes, effects and probable future effects on the performance of this Agreement. No adjustments under this Section 14.0 shall operate as a waiver of the right of either party to demand the performance of any obligation under this Agreement that is unaffected by the event(s) of Force Majeure.

14.5 Termination Due to Force Majeure. If an event or events of Force Majeure continues for a period of nine (9) consecutive months and the party claiming excuse hereunder is totally unable to perform its obligations hereunder and if at the end of the nine (9) month period, the party not claiming Force Majeure hereunder, in the exercise of its own reasonable judgment, concludes there is no likelihood of overcoming the event in the immediate future, then the party not claiming Force Majeure hereunder may terminate this Agreement without liability to the other party by giving to the other party ninety (90) days notice in writing of its intent to terminate.

If an event or events of Force Majeure continues for a period of nine (9) consecutive months and the party claiming excuse hereunder is only partially unable to perform its obligations hereunder and if at the end of the nine (9) month period, the party not claiming Force Majeure hereunder, in the exercise of its own reasonable judgment, concludes there is no likelihood of overcoming the event in the immediate future, then the party not claiming Force Majeure hereunder may terminate that portion of the Agreement so affected, without liability to the other

party by giving notice as provided above, and the remainder of the Agreement shall remain in full force and effect.

Section 15.0 shall govern the rights and obligations of the parties with respect to the imposition of "environmental related requirements" on Buyer and the provisions of Section 14.0 shall not be applicable to any such "environmental related requirements".

15.0 Changes in Environmental Related Requirements. The term "environmental related requirements," as used in this Agreement, means (i) any prohibition, restriction, or limitation relating to the type or amount of emissions from any or all of Buyer's Plants; (ii) any rules or requirements affecting the permissible means for complying with any such prohibition, restriction or limitation and, (iii) any imposition of a cost, fee, tax or other economic burden on Buyer relating to the type or amount of emissions from its Plants. It is further recognized that any change in environmental related requirements may affect Buyer in a general way and may not be directed at specific plants, fuels, fuel supplies or other operating conditions. Buyer shall, in its sole reasonable judgment, determine its strategy for complying with environmental related requirements and whether Buyer's use of the coal to be supplied hereunder has been materially and adversely impacted by environmental related requirements.

The price, specifications, quantity and destination of coal purchased hereunder is predicated on environmental related requirements in effect as of the first day of February, 1988. In

the event and whenever after such date there is a change in environmental related requirements, Buyer shall determine in its sole reasonable judgment whether such change has had or will have a material adverse impact on Buyer's use of the coal purchased hereunder.

If Buyer so determines that a change in environmental related requirements has had or will have a material adverse impact and will prevent, reduce or otherwise hinder the burning of the coal to be delivered under this Agreement, Buyer may change the coal specifications in Section 7.0 for all or part of its needs if such change is required to achieve compliance with such environmental requirements in the most economical manner.

In the event Buyer elects to invoke any of its rights under this Section 15.0, Buyer shall notify Seller thereof in writing, stating the grounds upon which such invocation is based. Said notice shall specify the date upon which the applicable effect upon Seller's rights and/or obligations shall become effective, ("Beginning Date") which said date shall not be earlier than one hundred twenty (120) days prior to the required compliance date of the law, regulation, or order giving rise to such right(s) of Buyer ("Compliance Date"). Unless prevented from doing so by an earlier Compliance Date, Buyer shall provide such notice no later than one hundred fifty (150) days prior to the Beginning Date.

If Buyer determines that the most economical method of compliance with environmental related requirements can be achieved by changing coal specifications in Section 7.0 for all or part of Buyer's needs, Buyer shall provide Seller with the

above described written notice of the anticipated change which at a minimum shall contain the following: (1) the Beginning Date, (2) the Compliance Date, (3) the changed coal quality specifications at the Plants, (4) the annual quantity of the coal with the changed specifications, and (5) the reasons for such change. Seller shall have the right, but not the obligation, to supply coal with such changed quality specifications under the same terms as this Agreement and at the same delivered cost per MBtu as provided hereunder. Seller shall, within thirty (30) days of receipt of Buyer's notice, provide Buyer with written notice of its intent to exercise its option to provide the coal with such changed quality specifications in accordance with this paragraph. If, within such thirty (30) day period, Seller does not notify Buyer of its intent to exercise the option to supply the quantity and quality of coal contained in Buyer's notice under the terms of this Agreement, Buyer and Seller shall thereafter negotiate in good faith a price and terms and conditions for the quantity of coal contained in Buyer's notice for a period of ninety (90) days. If the parties do not agree on a price and terms and conditions for such coal, Buyer shall then solicit bids for the quantity and quality of coal contained in Buyer's notice in accordance with Section 9.11 hereof. Unless otherwise mutually agreed or otherwise provided in this Section 15.0, the same time limitations as those contained in Section 9.11 shall also apply. The limitation in Section 9.11 regarding a previously approved mine(s) shall not be applicable under this Section 15.0, it being understood that Seller shall have the right to furnish coal from

new Source(s) to meet Buyer's changed coal specifications. However, Buyer shall have the right to approve any new Source(s) under Section 6.3.

For purposes of calculating the applicable periods for solicitation of bids, notification to Seller of acceptable bids and notification of Seller's exercise of its option, the Beginning Date shall constitute the Market Adjustment Date.

If Buyer determines after all bids are received that because of the Matching Price determined by the bid procedure it is most economical to comply with environmental related requirements by means other than a change in coal quality specifications, Buyer may refuse to accept any bid, including Seller's right of first refusal, and may take other actions to comply with environmental related requirements. If the other actions taken by Buyer involve the purchase of electric power or the generation of electric power by any means other than the burning of coal and Buyer thereafter decides to burn coal at the Plants at any time before December 31, 2007 Buyer shall give Seller written notice thereof. Upon receipt of such notice by Seller, Seller and Buyer shall negotiate for the sale of such coal for a ninety (90) day period and, if such negotiations are unsuccessful, Buyer shall solicit bids and Seller shall have the right of first refusal for the quantities to be delivered under this Agreement in accordance with Section 9.11. Provided, however, if such other actions include another proposed change in the quality and/or quantity of coal to be burned at Buyer's Plants, Buyer shall promptly send Seller a written notice of such further changed coal quality

and/or quantity and the parties shall negotiate in good faith on a price for such quantity and/or quality. If the parties do not agree upon such price, Buyer shall solicit bids for such quantity and quality of coal and Seller shall have a right of first refusal for the quantities to be delivered under this Agreement, as provided in Section 9.11. Seller may exercise its right of first refusal as provided in Section 9.11 and in such event Seller shall continue to supply coal under the terms of this Agreement except for the quantity and quality specifications contained in Buyer's notice.

Should Buyer's notice require a change in the quality specifications of all Tonnage required to be purchased hereunder and Seller fails to exercise any of its options to supply such quality coal under the contract or bid price, then this Agreement shall terminate and neither party shall have any remaining obligations hereunder.

Should Buyer's notice require a change in the quality specifications of only a portion of the annual Tonnage provided under this Agreement, then such remaining Tonnage shall continue to be supplied by Seller under the terms of this Agreement whether or not Seller exercises its options.

In the event a change in environmental related requirements permits the burning of Lower Quality coal, Seller shall have the right, but not the obligation, to deliver such Lower Quality coal in accordance with the remainder of the terms and conditions of this Coal Supply Agreement (including specifically at the pricing provisions set forth in Section 9.0 less any reductions in the

cost available to Seller by mining and delivering such coal). In such event, Buyer shall request, in writing, that Seller deliver replacement coal having Lower Quality specifications. If, within thirty (30) days of Seller's receipt of Buyer's written request, Seller has not exercised its right to deliver such Lower Quality coal as aforesaid, the parties shall negotiate in good faith on a price for such quantity of Lower Quality coal. If the parties do not agree upon such price, Buyer shall solicit bids and Seller shall have the right of first refusal for the quantity of Lower Quality coal in accordance with Section 9.11. If Seller exercises its right to deliver such Lower Quality coal, the Lower Quality specifications shall be the basis for the negotiations between the parties and the solicitation of bids for purposes of market adjustments provided in Section 9.11 for such Lower Quality Tonnage.

Should Buyer's notice require a change to Lower Quality coal of all Tonnage required to be purchased hereunder and Seller exercises neither of its options to supply such Lower Quality coal under the contract or bid price, then this Agreement shall terminate and neither party shall have any remaining obligations hereunder.

Should Buyer's notice require a change to Lower Quality coal of only a portion of the annual Tonnage provided under this Agreement, then such remaining Tonnage shall continue to be supplied by Seller under the terms of this Agreement whether or not Seller exercises its options.

Buyer agrees to use its best efforts to purchase a maximum quantity of coal to be delivered under this Agreement, taking into consideration the overall economics of blending with other coals, or substituting different quality coal, or modifying plant emission control equipment to comply with the environmental related requirements.

The provisions of this Section 15.0 shall survive until December 31, 2007, unless this Coal Supply Agreement is sooner terminated as provided elsewhere in this Coal Supply Agreement (except in this Section 15.0). Nothing in this Section 15 shall be construed to extend the rights and obligations of the parties hereunder beyond December 31, 2007.

16.0 Waiver. The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Coal Supply Agreement or to take advantage of any of its rights under this Coal Supply Agreement shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect.

17.0 Independent Contractor. This is an Agreement for the purchase and sale of coal in which the parties recognize and agree that Seller is not an agent or employee of Buyer nor is Buyer an agent or employee of Seller, but both are independent of any managerial or other control or direction by the other in their work hereunder, and are free to perform, by such means and in such manner as they may choose, all work in pursuance of their respective commitments hereunder.

18.0 Accounting and Audit.

18.1 Notice and Substantiation of Price Adjustment. Seller's notification to Buyer of price adjustments pursuant to Section 9.1 shall include all computations and data upon which such adjustment is based. Buyer shall accept or contest such adjustment within ninety (90) days of Buyer's receipt of such computations and data. Buyer's acceptance of such adjustment under this Section 18.1 shall be subject to Buyer's audit rights pursuant to Section 18.2. If Buyer contests such adjustment, Buyer shall pay to Seller, or Seller shall credit Buyer with, the undisputed portion of the claimed adjustment. Buyer or Buyer's agent shall have the right to audit Seller's books and records to determine whether Buyer agrees that such adjustment is proper and has been properly computed by Seller in accordance with this Agreement.

18.2 Audit. Seller shall keep accurate books and records relating to the sale of coal to Buyer hereunder during the prior twenty-four (24) month period in accordance with generally accepted accounting principles as established by the Financial Accounting Standard Board (FASB) and shall make such reports as have been specified or reasonably requested by Buyer. Seller shall also preserve in an orderly manner the records supporting all charges and adjustments to the Base Price hereunder. Seller shall make such records available to Buyer or its employees, Buyer's agent or its employees or the independent auditing and accounting firm of Arthur Andersen and Company who shall be given access to and be permitted to examine such books and records

after reasonable notification of its intent to inspect. In the event such audit discloses that claims made by Seller for adjustments in price which were allowed to go into effect by Buyer were not properly calculated or that other discrepancies exist, adjustments shall be made promptly in billings hereunder for current coal deliveries to reflect proper amounts of such adjustments. In addition, payments reflecting the difference between the proper amounts determined by audit and the amounts paid during the twenty-four (24) months prior to such audit shall be made by Seller or Buyer to the other. In the event such audit discloses that the indices upon which the price adjustments are based do not accurately reflect Seller's cost because of a change in Source(s) or blends, Seller and Buyer shall negotiate in good faith the modification of the indices to achieve a more accurate representation of Seller's costs. In the event Buyer is currently not contracting with Arthur Andersen and Company for preparation of its year-end financial reports, Buyer and Seller shall agree on an independent auditing and accounting firm to perform the services otherwise performed by Arthur Andersen and Company pursuant to this Section 18.2.

19.0 Right of Inspection. Buyer or its designated agent shall have the right to enter upon the coal property, and/or other appropriate locations, announced or unannounced, during normal working hours, and to inspect and examine the method, equipment and manner of mining, producing, storing, washing, crushing, loading, unloading, blending, transporting, sampling, weighing, analyzing, and other handling of coal to be sold and

delivered under the Agreement, and to take samples of coal for Buyer's analyses. Buyer shall contact the appropriate personnel of Seller upon arrival at the coal property and/or other appropriate location before commencing such inspection. No inspection by Buyer shall be deemed as a waiver of any of Buyer's rights or relieve Seller of any obligation under this Agreement.

19.1 Injuries to Representatives. Seller and Buyer, respectively, assume full risk for damage or injury to its representatives or employees when such representatives or employees are on the premises of the other party in connection with the exercise of any rights or the performance of any obligations hereunder except where the damage or injury is caused by the negligence of the other party. Each party agrees that, to the extent permitted by law, it will indemnify and hold the other party harmless against all loss or liability resulting from any such damage or injury occurring on the premises of the other party except where such damage or injury is caused by the negligence of the other party.

20.0 Successors and Assigns. This Coal Supply Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, provided, however, this Coal Supply Agreement may not be assigned by either Seller or Buyer without the written consent of the other party, except in the following cases where no such consent will be required:

(a) Pledge, assignment or other security arrangement to secure indebtedness incurred for the purpose of or in connection with performance under this Coal Supply Agreement.

(b) Divestiture pursuant to an order or decree of a court or administrative agency.

(c) Assignment to a successor in interest by way of merger, consolidation, sale of substantially all of the assets, or similar corporate reorganization.

(d) Assignment to an affiliate of Buyer or Seller.

No assignment under Subsections (c) and (d) shall be effective unless and until such assignee shall assume in writing the obligations of the assignor and the assignor or the assignor's parent company guarantees the performance of the assignee under the Agreement. In addition, if Seller assigns this Agreement under Subsections (c) or (d) to a party other than an experienced and competent coal producer, such assignment shall not be effective without Buyer's prior written consent, which consent shall not be unreasonably withheld.

21.0 Relief for Economic Hardship. Seller and Buyer acknowledge the possibility of either party sustaining an actual economic hardship under this Coal Supply Agreement because of conditions which were unforeseeable at the time of the execution hereof. At any time either party believes it has sustained an actual economic hardship under this Coal Supply Agreement and wishes to invoke the provisions of Section 21.0 hereof to obtain relief, if any, it shall give notice in writing to the other party setting forth documentary proof of the following:

(a) The existence, nature, cause, extent and impact of such economic hardship:

(b) The facts establishing that the conditions causing such actual economic hardship were unforeseeable.

The party sending such notice shall also state the relief which it considers reasonable and appropriate to eliminate such economic hardship.

Upon receipt of the notice set forth in Section 21.0, the party receiving such notice shall consider the documentary proof submitted and any other relevant matters, and if (subject to the provisions of Section 21.0 hereof) it, in its judgment, finds that the party sending such notice has sustained an actual economic hardship due to the cause stated in such notice and is entitled to relief hereunder, the party receiving such notice shall give reasonable and appropriate relief to the party sustaining the actual economic hardship. The party receiving such notice shall not arbitrarily refuse to find that the other party has sustained an actual economic hardship nor arbitrarily deny reasonable and appropriate relief to eliminate such hardship if found to exist.

Economic hardship arising from any of the following types of causes or conditions shall not be grounds for relief hereunder:

(a) Where the cause or condition is treated in this Coal Supply Agreement;

(b) Where the cause or condition results from a matter involving the internal operations of the party claiming that it has sustained an actual economic hardship;

(c) Changes in the market for coal;

(d) Availability or costs of alternative fuels.

The arbitrary refusal to find that a party has sustained an actual economic hardship and/or the arbitrary denial of reasonable and appropriate relief to eliminate such hardship if found to exist shall be deemed to be a breach of contract entitling the aggrieved party to judicial relief but shall not relieve Buyer or Seller from any of its respective obligations under the other sections of this Coal Supply Agreement. Therefore, for example but without limitation, the existence of conditions which may support a claim of having sustained an actual economic hardship, the pendency of such a claim or the failure of the parties to reach agreement with respect thereto shall not relieve Seller of its obligation to ship coal at the stipulated Tonnage rate or Buyer of its obligation to receive the coal and pay for it at the extant Billing Price.

22.0 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of its respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other party sixty (60) days notice in writing of its intention to do so and specifying the default. At the expiration of said sixty (60) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith with no liability therefor. The failure of the parties to agree on a price adjustment shall not

constitute grounds for rescission or termination of this Agreement. The provisions of this Section 22.0 shall not be applicable to Sections 8.0 and 8.1 which specifically provide remedies for the subject matter contained therein.

23.0 Other Rights Upon Default. In addition to and not as a limitation upon other rights of Buyer or Seller, either party may elect, at its sole option, to forego its right to terminate this Agreement upon the other's default hereunder as specified herein and in lieu thereof require the other to perform its obligations hereunder according to the terms and conditions of this Agreement. The provisions of this Section 23.0 shall not be applicable to Sections 8.0 and 8.1 which specifically provide remedies for the subject matter contained therein.

24.0 Notices. Except as herein otherwise provided, any notice, request, consent, demand, report or statement, which is given to or made upon either party hereto under any of the provisions of this Coal Supply Agreement, shall be in writing unless it is otherwise specifically provided herein, and shall be treated as duly delivered when the same is either (1) personally delivered to the president, or any vice-president of Buyer in case of a notice to be given Buyer, or personally delivered to the president or any vice-president of Seller in the case of a notice to be given to Seller, or (2) deposited in the United States mail, postage prepaid, and properly addressed as follows:

(a) If the notice is to Buyer:

Vice President, Fuel
Southern Company Services, Inc.
800 Shades Creek Parkway
P. O. Box 2625
Birmingham, AL 35202-2625

Vice President of Electric Operations
Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520-1151

(or to such other person or address as Buyer shall have designated by due notice to Seller).

(b) If the notice is to Seller:

President - Illinois Division
Peabody Coal Company
50 Jerome Lane
Fairview Heights, IL 62208

Senior Vice President
Peabody Development Company
Saint Louis Place
200 North Broadway
P. O. Box 14222
St. Louis, MO 63178

(or to such other person or address as Seller shall have designated by due notice to Buyer).

Any notice, request or demand pertaining to matters of an operating nature may be delivered by mail, messenger, telegraph, telephone or verbally, and to such agent of the party hereto being notified as may be appropriate; and, if given by telephone, telegraph or verbally shall be confirmed in writing as soon as practicable thereafter if the party hereto to whom the notice is given so requests.

25.0 Seller's Agent. Peabody Development Company is hereby designated by Seller as agent for Seller to act for and on behalf of Seller for such purpose as may from time to time be designated by Seller.

26.0 Buyer's Agent. Southern Company Services, Inc. is hereby designated by Buyer as agent for Buyer to act for and on

behalf of Buyer for the purpose of giving or receiving any notice, demand or request required or authorized by this Coal Supply Agreement for the purpose of designating the quantity or size of coal to be shipped from time to time hereunder, and for such other purposes as may from time to time be designated by Buyer. Buyer may designate a new agent by giving Seller thirty (30) days notice in writing of such intention, and in that event the authority of Southern Company Services, Inc., as agent for Buyer, shall cease and the newly designated agent shall be substituted therefor.

27.0 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Florida and not just the Florida laws regarding conflict of laws.

28.0 Compliance with Laws & Regulations. In connection with the performance of this Agreement, Seller shall comply in all material respects with governmental laws and regulations including those set forth in Annex S attached hereto. Seller agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

29.0 Entire Agreement; Amendments. This Agreement, including all annexes, constitutes the entire understanding and agreement between the parties as to the subject matter hereof. There are no terms, obligations, covenants or conditions other than those contained herein. The parties may, upon mutual agreement,

amend this Agreement at any time for any reason. No modification or amendment of this Agreement shall be valid and effective unless evidenced by an agreement in writing. No amendment to the Inbound Barge Transportation Agreement shall in any way alter or otherwise affect Buyer's rights hereunder without Buyer's prior written approval of such amendments.

Buyer represents to Seller that the barge transportation contract with Seller's contractor for the transportation of coal from the Outbound Loading Point to the Plants ("Outbound Barge Transportation Agreement") provides that the "Inbound Loading Points" as described in Annex N are "Loading Points" under the Outbound Barge Transportation Agreement for the direct shipment of coal from such "Loading Points" to the Plants. Buyer agrees that Seller shall have the right to sell coal hereunder from any such "Loading Points" for direct shipment to the Plants provided Gulf has approved any new Source(s) or Outbound Loading Points, as the case may be, pursuant to the terms of Section 6.3. No amendment to the Outbound Barge Transportation Agreement shall in any way alter or otherwise affect Seller's rights hereunder without Seller's prior written approval of such amendments.

30.0 Severability. In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by any final judgment of a court of competent jurisdiction, the invalidity or unenforceability thereof shall in no way affect any of the other covenants, conditions or provisions hereof, provided that such remaining covenants, conditions or provision can thereafter be applicable and effective without material

prejudice to either party. This Agreement is a separate agreement from any other agreement between the parties and all duties and obligations of either party hereunder shall not be dependent on performance under any other agreement.

31.0 Confidentiality. Except to the extent disclosure of information contained in this Agreement is required by law or governmental order or regulation applicable to Seller or Buyer, and except as may be permitted under Section 18.2 hereof, the contents of this Agreement shall not be disclosed or released by any party without the prior written consent of the other party. However, Seller and Buyer shall each have the right to disclose the contents of this Agreement for business purposes to its respective parent company, to other affiliated companies, to counsel and independent public accounting firms retained by such entities without the prior written consent of the other party.

32.0 Headings and Table of Contents. The headings or titles of the several sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the construction, interpretation or effect of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Coal Supply Agreement to be effective February 1, 1988, but duly executed by their respective corporate officers thereunto duly authorized, on the ___ day of _____, 1988.

BUYER:
GULF POWER COMPANY

BY:_____

Attest:

_____

SELLER:
PEABODY COAL COMPANY

BY:_____

Attest:

_____

ANNEX A

SELLER'S BLENDING PROCEDURES

Seller shall provide a storage area for each separate coal supplied hereunder, with capabilities of storing and reclaiming a maximum of forty thousand (40,000) Tons, in two (2) distinct and separate piles.

Coal shall be reclaimed from ground storage with reclaimers or rubber tired mobile equipment for transfer to barges through the coal loading system in a manner that will minimize the creation of coal fines. Seller shall be responsible for the integrity of each coal stockpile to avoid contamination of such stockpiles. The storage pads shall be free of contamination with drainage around the edge of the storage pads for natural removal of excess water during coal storage. The coal piles shall be clearly marked by signs reading "Peabody Randolph," "Peabody Federal," or other designations as directed by Seller. A separation of at least one dozer width shall be maintained between the coal piles.

Vibratory feeders shall be used to control the blending of the coal. Seller shall adjust the feed rate(s) by controlling the coal flows through the respective vibratory feeders so as to achieve the ratio of blended coal specified by Seller to a tolerance of ± 5% by weight. The coals on the common conveyor belt shall pass over a belt scale, where it shall be weighed. The coal shall also pass via the load-out conveyor belt through an automatic sampler onto the carrier's barge. The automatic sampler shall utilize a full stream cutting of belt method for sampling the blended coal.

ANNEX B

SELLER'S LOADING PROCEDURES

FOR PEABODY RANDOLPH AND FEDERAL BLEND

Seller agrees to load barges in a workmanlike manner to an even keel and to a draft specified by the barge operator.

ANNEX C

GULF POWER COMPANY

FOR RANDOLPH AND FEDERAL BLEND

		Randolph		Federal		Total
Date	Barge No.	Tons	%	Tons	%	Tons

ANNEX D
BASE PRICE COMPONENTS AND BASE COMPONENTS FOR
SELLER'S TRANSPORTATION COST
Section 9.0

9.2	Base Labor Cost Component	$ 7.45
9.3	Represented Employee's Payroll Taxes	
9.3(1)	Base Worker's Compensation Cost Component	.84
9.3(2)	Base FICA Cost Component	.52
9.3(3)	Base Unemployment Compensation Cost Component	.08
9.4	Base Supervisory Health Related Benefits Cost Component	.10
9.5	Base Materials, Supplies and Electric Power Cost Component	5.46
9.6	Base UMWA Welfare Cost Component	1.10
9.7	Base Other Costs, Capital Recovery, Return On Investment and Administrative and General Cost Component	8.35
9.8	Base West Virginia Severance Tax Cost Component	.49
9.9	Government Impositions	
	Federal Black Lung Excise Tax	1.10
	Federal Reclamation Fee	.15
	West Virginia Reclamation Fee	.01
	Laws	.00
	TOTAL BASE PRICE	$25.65
9.10	Seller's Transportation Cost	
9.10(1)	Base Inbound Barge Transportation Cost Component	3.35
9.10(2)	Base Other Transportation Cost Component	3.08
9.10(3)	Base Blending Cost Component	1.25
	TOTAL PRICE F.O.B. BARGE AT THE OUTBOUND LOADING POINT	$33.33

ANNEX E
COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN LABOR COSTS
Section 9.2
Page 1 of 3

I. Calculation of Base Average Hourly Wage Rate

Wage Rates and Shift Differential Rates from the National Bituminous Coal Wage Agreement of 1984 effective January 1, 1988.

Underground at Deep Mines Wage Rates			
Grade 5	$15.565		
Grade 4	15.160		
Grade 3	14.793		
Grade 2	14.570		
Grade 1	14.498		
	$74.586	÷ 5 =	$14.917

Shift Differential Rate			
1st Shift	$ .000		
2nd Shift	.300		
3rd Shift	.400		
	$ .700	÷ 3 =	.233

Base Average Hourly Wage Rate $15.150

II. Calculation of Current Average Hourly Wage Rate Effective April 1, 1988

Underground at Deep Mines Wage Rates	
Grade 5	$15.815
Grade 4	15.410
Grade 3	15.043
Grade 2	14.820
Grade 1	14.748
	$75.836 ÷ 5 = $15.167

Shift Differential Rates	
1st Shift	$ .000
2nd Shift	.300
3rd Shift	.400
	$ .700 ÷ 3 = .233

Current Average Hourly Wage Rate $15.400

ANNEX E
COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN LABOR COSTS
Section 9.2
Page 3 of 3

III. Calculation of Per Ton Adjustment

Current Average Hourly Wage Rate	$15.400
Base Average Hourly Wage Rate	÷15.150
Percentage Change	101.7%
Base Labor Cost Component	x 7.45
Adjusted Labor Cost Component	$ 7.58
Less: Base Labor Cost Component	7.45
Less: Previous Per Ton Adjustments Pursuant to this Section 9.2	.00
Per Ton Adjustment Effective April 1, 1988	$ .13

ANNEX F

COMPUTATION OF THE BASE WORKER'S COMPENSATION COST
Section 9.3(1)
Page 1 of 2

Federal Complex

Allocated Base Average Worker's Compensation Premium Annual Wage Per Employee at Federal Complex	$15,226	
West Virginia State Underground Manual Rate effective January 1, 1988	x .1587	
Base Worker's Compensation Cost at Federal Complex		$2,416

Randolph Complex

Allocated Base Average Worker's Compensation Premium Annual Wage Per Employee at Randolph Complex	$15,248	
Current Equivalent Rate for Illinois State Underground Mines Modified for Seller's Experience effective January 1, 1988	x .2587	
Base Worker's Compensation Cost at Randolph Complex		3,945
Base Worker's Compensation Cost		$6,361

NOTE: The Worker's Compensation Rates effective January 1, 1988 are for illustration purposes only and are not meant to predict the actual rates at January 1, 1988. However, the Allocated Base Worker's Compensation Premium Annual Wage Per Employee for Federal and Randolph Complex represents the correct amount.

ANNEX F

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN WORKER'S COMPENSATION
Section 9.3(1)
Page 2 of 2

Current Average Hourly Wage Rate at April 1, 1988		$15.400
Base Average Hourly Wage Rate	÷	15.150
Percentage Change		101.7%
Base Average Worker's Compensation Premium Annual Wage Per Employee	x	30,474
Adjusted Average Worker's Compensation Premium Annual Wage Per Employee		$30,992
Worker's Compensation Rate Effective January 1, 1988:		
Illinois U. G. Rate ($.2587 x 50%) + West Virginia U.G. Rate ($.1587 x 50%)	x	.2088
Adjusted Worker's Compensation Cost at April 1, 1988		$ 6,471
Base Worker's Compensation Cost	÷	6,361 *
Percentage Change in the Worker's Compensation Cost		101.7%
Base Worker's Compensation Cost Component	x	$ .84
Adjusted Worker's Compensation Cost Component Effective April 1, 1988		$ .85
Less: Base Worker's Compensation Cost Component		.84
Less: Previous Per Ton Adjustments Pursuant to this Section 9.3(1)		.00
Per Ton Adjustment Effective April 1, 1988		$ .01

NOTE: All figures used are for illustration purposes only and are not meant to predict actual changes in the Worker's Compensation Rates or Adjusted Average Worker's Compensation Premium Annual Wage Per Employee.

* This does not represent the actual Base Worker's Compensation Cost. This amount will be determined when the January 1, 1988 Worker's Compensation rates are available.

ANNEX G

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN FICA
Section 9.3(2)

Current Average Hourly Wage Rate at April 1, 1988		$15.400
Base Average Hourly Wage Rate	÷	15.150
Percentage Change		101.7%
Base Average FICA Taxable Wage Per Employee	x	$33,766
Adjusted Average FICA Taxable Wage Per Employee		$34,340
FICA Rate Effective April 1, 1988	x	.0751
Adjusted FICA Cost at April 1, 1988		$ 2,579
Base FICA Cost ($33,766 x 7.51%)	÷	2,536
Percentage Change in the FICA Cost		101.7%
Base FICA Cost Component	x	.52
Adjusted FICA Cost Component Effective April 1, 1988		$ .53
Less: Base FICA Cost Component		.52
Less: Previous Per Ton Adjustments Pursuant to this Section 9.3(2)		.00
Per Ton Adjustment Effective April 1, 1988		$ .01

NOTE: All figures used are for illustration purposes only and are not meant to predict actual changes in the FICA Rates or Adjusted Average Taxable FICA Wages Per Employee.

ANNEX H

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN UNEMPLOYMENT COMPENSATION
Section 9.3(3)

Current Maximum Unemployment Compensation Cost:		
Illinois - [($7,000 x 1.5%) + ($8,500 x 5.3%)] x 50%	$278	
West Virginia - [($7,000 x 2.0%) + ($8,000 x 10.5%) + ($13,000 x .6%)] x 50%	529	
Total Current Maximum Unemployment Compensation Cost		$807
Base Maximum Unemployment Cost:		
Illinois - [($7,000 x 2.0%) + ($8,500 x 5.1%)] x 50%	$287	
West Virginia - [($7,000 x 1.9%) + ($8,000 x 10.4%) + ($13,000 x .6%)] x 50%	522	
Total Base Maximum Unemployment Cost		÷ 809 *
Percentage Change In the Unemployment Compensation Cost		99.8%
Base Unemployment Compensation Cost Component		x $.08
Adjusted Unemployment Compensation Cost Component		$.08
Less: Base Unemployment Compensation Cost Component		.08
Less: Previous Per Ton Adjustments Pursuant To This Section 9.3(3)		.00
Per Ton Adjustment Effective January 1, 1989		$.00

NOTE: All figures used are for illustration purposes only and are not meant to predict actual changes in the unemployment compensation costs.

* This does not represent the actual Base Maximum Unemployment Compensation Cost. This amount will be determined when the January 1, 1988 Unemployment Compensation rates are available, and will be calculated using the above formula and the actual January 1, 1988 Unemployment Compensation rates.

ANNEX I

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN SUPERVISORY HEALTH RELATED BENEFIT COSTS

Section 9.4

Current Index: Consumer Price Index - Medical Care Index (W) - February, 1988 (1982 - 84 = 100)		133.8
Base Index: Consumer Price Index - Medical Care Index (W) - November, 1987 (1982 - 84 = 100)	÷	133.1
Percentage Change		100.5%
Base Supervisory Health Related Benefits Cost Component	X	$ .10
Adjusted Supervisory Health Related Benefits Cost Component		$ .10
Less: Base Supervisory Health Related Benefits Cost Component		.10
Less: Previous Per Ton Adjustments Pursuant to this Section 9.4		.00
Per Ton Adjustment Effective April 1, 1988		$ .00

NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes.

ANNEX J

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN MATERIALS, SUPPLIES AND ELECTRIC POWER COSTS

Section 9.5

I. Calculation of the Weighted Percentage Change:

B.L.S. Code	Index (1982-84=100)	Current Index Feb., 1988		Base Index Nov., 1987		Percentage Change		Index Weight		Weighted Percent Change
0543	Industrial Power, 500 KW Demand	104.8	÷	110.3	=	.950	X	15.0%	=	14.3%
057	Petroleum Products, Refined	54.9	÷	59.8	=	.918	X	7.5%	=	6.9%
0713-03	Rubber Belts & Belting	105.9	÷	102.6	=	1.032	X	10.0%	=	10.3%
08	Lumber & Wood Products	114.4	÷	116.5	=	.982	X	7.5%	=	7.4%
1081	Bolts, Nuts, Screws, Rivets & Washers	103.3	÷	103.3	=	1.000	X	18.7%	=	18.7%
1149	Misc. General Purpose Equipment	109.4	÷	109.9	=	.995	X	12.5%	=	12.4%
1192	Mining Machinery & Equipment	107.4	÷	106.0	=	1.013	X	28.8%	=	29.2%
								100.0%		99.2%

NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes in the indices.

ANNEX J
COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN MATERIALS SUPPLIES AND ELECTRIC POWER COSTS
Section 9.5
Page 2 of 2

II. Calculation of the Per Ton Adjustment Effective April 1, 1988:

Base Materials, Supplies and Electric Power Cost Component		$ 5.46
Weighted Percentage Change	X	99.2%
Adjusted Materials, Supplies and Electric Power Cost Component Effective April 1, 1988		$ 5.42
Less: Base Materials, Supplies and Electric Power Cost Component		5.46
Less: Previous Per Ton Adjustments Pursuant to this Section 9.5		.00
Per Ton Adjustment Effective April 1, 1988		$(.04)

ANNEX K

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN UMWA WELFARE COSTS

Section 9.6

Actual UMWA Welfare Costs Randolph Complex for the Quarter Ended March 31, 1988	$500,000	
Tons Produced at Randolph Complex for the Quarter Ended March 31, 1988	÷ 475,000	
Actual Cost Per Ton at Randolph Complex	$ 1.05	
Allocation Percentage	X 50%	
Allocated Cost Per Ton at Randolph Complex		$ .53
Actual UMWA Welfare Costs at Federal Complex for the Quarter Ended March 31, 1988	$750,000	
Tons Produced at Federal Complex for the Quarter Ended March 31, 1988	÷ 800,000	
Actual Cost Per Ton at Federal Complex	$ .94	
Allocation Percentage	50%	
Allocated Cost Per Ton at Federal Complex		.47
Total Actual UMWA Welfare Cost Per Ton for the Quarter Ended March 31, 1988		$1.00
Less: Base UMWA Welfare Cost Component		1.10
Less: Previous Per Ton Adjustments Pursuant to this Section 9.6		.00
Per Ton Adjustment Effective April 1, 1988		$(.10)

NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes in the UMWA Welfare Costs.

ANNEX L
COMPUTATION OF PER TON ADJUSTMENT
FOR CHANGES IN OTHER COSTS, CAPITAL RECOVERY,
RETURN ON INVESTMENT AND ADMINISTRATIVE AND GENERAL
Section 9.7

(For a Per Ton Adjustment Effective April 1, 1988)

I. Calculation of Weighted Percentage Change:

Index	Current* Index		Base** Index		Percentage Change		Index Weight		Weighted Percentage Change
Consumer Price Index - All Urban Consumers (CPI-U)	115.9	÷	115.4	=	1.004	X	50%	=	50.2%
Final GNP Implicit Price Deflator	119.2	÷	117.9	=	1.011	X	50%	=	50.6%
							100%		100.8%

NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes in the indices.

* CPI-U as of February, 1988 (1982 - 84 = 100). Final GNP Implicit Price Deflator as of the 4th Quarter of 1987.

** CPI-U as of November, 1987 (1982 - 84 = 100). Final GNP Implicit Price Deflator as of the 3rd Quarter of 1987.

ANNEX L
COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN OTHER COSTS, CAPITAL RECOVERY, RETURN ON INVESTMENT AND ADMINISTRATIVE AND GENERAL
Section 9.7
Page 2 of 2

II. Calculation of the Per Ton Adjustment Effective April 1, 1988:

Base Other Costs, Capital Recovery, Return on Investment and Administrative and General Cost Component		$ 8.35
Weighted Percentage Change	X	100.8%
Adjusted Other Costs, Capital Recovery, Return on Investment and Administrative and General Cost Component Effective April 1, 1988		$ 8.42
Less: Base Other Costs, Capital Recovery, Return on Investment and Administrative and General Cost Component		8.35
Less: Previous Per Ton Adjustments Pursuant to this Section 9.7		.00
Per Ton Adjustment Effective April 1, 1988		$ .07

ANNEX M

COMPUTATION OF PER TON ADJUSTMENT FOR CHANGES IN WEST VIRGINIA SEVERANCE TAX

Section 9.8

I. Calculation of the Adjusted West Virginia Severance Tax Cost Component:

A = Adjusted West Virginia Severance Tax Cost Component

B = The Billing Price

C = The existing West Virginia Severance Tax Component

D = Current West Virginia Severance Tax Rate

$$A = \left[\frac{[B - (C \times 2)]}{(1 - D)} - [B - (C \times 2)]\right] \times 50\%$$

$$A = \left[\frac{[\$26.00 - (\$.49 \times 2)]}{(1 - .0385)} - [\$26.00 - (\$.49 \times 2)]\right] \times 50\%$$

$$A = \$.50$$

II. Calculation of Per Ton Adjustment

Adjusted West Virginia Severance Tax Cost Component	$.50
Less: Base West Virginia Severance Tax Cost Component	.49
Less: Previous Per Ton Adjustments Pursuant to this Section 9.8	.00
Per Ton Adjustment Effective April 1, 1988	$.01

NOTE: Figures used are for illustration purposes only and are not meant to predict actual changes.

ANNEX N

TRANSPORTATION AGREEMENT

ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY

TRANSPORTATION AGREEME

ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY

TABLE OF CONTENTS

Section	Title	Page
1.0	Definitions	2
2.0	Term	4
3.0	Quantity and Annual Quantity	7
3.1	Quantity	7
3.2	Annual Quantity	9
4.0	Inbound Loading Points and Destination Unloading Point	10
4.1	Designation of Inbound Loading Point	10
4.2	Destination Unloading Point	11
5.0	Rates	11
5.1	Base Rates	12
5.2	Additional Base Rates	12
6.0	Rate Adjustment	14
6.1	Adjusted Rate Calculation	14
6.2	Application of Taxes to the Adjusted Rates	14
6.3	Application of Changes in Lock Delay Times to the Adjusted Rates	17
7.0	Billing and Payment	19
8.0	Loading, Transloading, and Delivery	20
9.0	Equipment	26
10.0	Weights	27
11.0	Force Majeure	29

125

Section	Title	Page
12.0	Insurance and Liability	32
13.0	Termination for Unremedied Fault	34
14.0	Other Rights Upon Default	35
15.0	Performance	35
16.0	Amendments	35
17.0	Subcontractors	35
18.0	Independent Contractor	36
19.0	Records and Audits	36
20.0	Applicable Law	38
21.0	Assignment	38
22.0	Notices	38
23.0	Headings and Table of Contents	39
24.0	Notice of Loss or Damage	40
25.0	Confidentiality	40
26.0	Resolution of Disputes; Third Party Rights	40
27.0	Mid America Transportation Company	41
28.0	Severability	43
29.0	Change in Environmental Related Requirements	43
30.0	Barge Demurrage and Rail Demurrage at Jack's Run and Glassport Terminals	44
Annex A	Base Rates	A-1
Annex B	Free Time, Storage Capacity and Operational Matters	A-2

TRANSPORTATION AGREEMENT

ORGULF TRANSPORT CO. AND PEABODY COAL COMPANY

This Agreement is entered into as of the 1st day of March 1988, between Peabody Coal Company, a corporation organized and existing under the laws of the State of Delaware (hereinafter called "PCC"), and Orgulf Transport Co., a corporation organized and existing under the laws of the State of Delaware (hereinafter called "Carrier").

W I T N E S S E T H

Whereas, PCC under its Coal Agreement dated as of February 1, 1988 with Gulf Power Company, will supply large volumes of coal by barge from Jack's Run on the Ohio River, Glassport on the Monongahela River, Mid America Fleet Area located near Mile Posts 115 and 117 on the upper Mississippi River and from other Inbound Loading Points to blending facilities located near Mile Post 859 on the Ohio River, and PCC is desirous of contracting with Carrier for the barge movement of such coal under the terms and conditions hereinafter set forth; and

Whereas, Gulf, Carrier, The Ohio River Company and Southern Company Services, Inc. have on even date entered into a fifth amendment to the transportation agreement among such parties which transportation agreement, as amended, provides for the barge transportation of coal under the Coal Agreement from PCC's Shawneetown Dock to Gulf's power plants and from other loading points to Gulf's power plants (hereinafter called "Gulf Transportation Agreement"); and

Whereas, Carrier is an experienced provider of barge transportation and Carrier is willing to contract with PCC for barge transportation under the terms and conditions hereinafter set forth,

Now, therefore, in consideration of the mutual covenants, agreements, provisions and benefits of the parties hereto, PCC and Carrier hereby agree that during the term of this Agreement, PCC shall furnish and deliver or cause to be furnished and delivered to Carrier at Inbound Loading Points established herein, the quantity of coal hereinafter stated and Carrier agrees to receive, transport and deliver such quantities of coal from the Inbound Loading Points to such Destination Unloading Point as hereinafter stated at the rates and upon the other terms and conditions hereinafter set forth:

1.0 Definitions. Whenever used in this Agreement with initial capitalization, the following definitions shall be applicable.

128

1.1 "Adjusted Rates" shall mean the Base Rates per Ton as revised to reflect adjustments pursuant to Section 6.

1.2 "Agreement" shall mean this Agreement dated March 1, 1988.

1.3 "Base Rates" shall mean the initial base rates per Ton of coal transported as set forth in Annex A attached hereto and made a part hereof or as Annex A may be amended pursuant to Section 4.

1.4 "Billing Price" shall mean the most current Adjusted Rate.

1.5 "Coal Agreement" shall mean that certain coal supply agreement between PCC and Gulf dated as of February 1, 1988, as such may be amended by PCC and Gulf.

1.8 "Day" shall mean a twenty-four (24) hour period commencing at 7:00 a.m. and ending at 6:59 a.m.

1.9 "Destination Unloading Point" shall mean the coal unloading point for blending purposes as set forth pursuant to Section 4.

1.10 "Dock" shall mean the physical property that is constructed at the Destination Unloading Point or Inbound Loading Points used for the tying up of barges.

1.11 "Gulf" shall mean Gulf Power Company, purchaser of the coal transported hereunder.

1.12 "Inbound Loading Point" shall mean those coal loading points from which the coal hereunder originates as listed in Annex A or as Annex A may be amended pursuant to Section 4.

129

1.13 "Market Adjustment Date" shall mean February 1, 1998 and February 1, 2003, as the case may be.

1.14 "Shipment" shall mean each barge that is loaded at the Inbound Loading Point.

1.15 "Source" shall mean the mine(s) or complex of mines from which coal is produced.

1.16 "Ton" shall mean 2,000 pounds avoirdupois.

1.17 "Tonnage" shall mean a derivative of the term Ton.

1.18 "Year" shall mean a calendar year.

All definitions referred to above shall refer to the singular or plural form of each such term.

2.0 Term. The term of this Agreement shall be for a period of approximately twenty (20) years, commencing on the 1st day of March, 1988, and shall continue in full force and effect thereafter until the 31st day of December, 2007, unless earlier terminated according to the provisions of this Agreement.

The parties agree that upon receipt by either party of written notice from the other not sooner than January 1, 1997 but prior to March 1, 1997 in the case of the first Market Adjustment Date or not sooner than January 1, 2002 but prior to March 1, 2002 in the case of the second Market Adjustment Date, the parties shall negotiate in good faith to establish a new price for barge transportation services (subject to PCC's decision to continue the Coal Agreement).

If the parties do not agree within ninety (90) days of the above written notice, at least one hundred twenty (120) days prior to each Market Adjustment Date, PCC shall solicit bids

and/or negotiate rates for barge transportation services which shall contain the following terms: (i) provisions similar to this Agreement including the provision for a market price review effective February 1, 2003; (ii) a term coinciding to the remainder of this Agreement; (iii) a minimum quantity per bid of 750,000 Tons of coal to be transported annually; and (iv) each bidder will warrant and demonstrate to PCC that it can furnish the barge transportation services provided in its proposal. At least sixty (60) days prior to the Market Adjustment Date, PCC shall give Carrier written notice which shall contain the rates and all other terms and conditions from bona fide offers that are acceptable to PCC (regardless of whether the rates contained in such offers are higher or lower than the Adjusted Rates then in effect under this Agreement) and offered by reputable providers of barge transportation. Carrier shall have thirty (30) days from receipt of PCC's notice to advise PCC in writing whether it will elect (subject to PCC's decision to continue the Coal Agreement) to transport coal for PCC on the terms stated in PCC's notice or whether it declines to continue this Agreement. If Carrier fails to notify PCC of its election or Carrier notifies PCC that Carrier declines to continue this Agreement, this Agreement shall terminate on the Market Adjustment Date and neither party shall have any further rights or obligations under this Agreement.

If PCC elects, from time to time, to reduce or eliminate the shipment of blended coal to Gulf which is transported to the Destination Unloading Point by barge and to furnish blended

coal which is transported to the Destination Unloading Point by rail, truck, conveyor belt or other means, or to furnish unblended coal which is transported directly to Gulf's plants in lieu thereof, then the Tonnage commitment of PCC under this Agreement shall be correspondingly reduced or eliminated on thirty (30) days' prior written notice to Carrier. PCC agrees that any such replacement shipments of unblended coal will be made from loading points under the Gulf Transportation Agreement as such points may be established from time to time. If PCC thereafter decides to commence or increase shipments of blended coal to Gulf under the Coal Agreement which shall be transported to the Destination Unloading Point by barge, PCC shall give Carrier written notice, which shall contain: (1) the annual quantity to be transported; and (2) the Inbound Loading Points. Carrier shall have ninety (90) days from receipt of PCC's notice to advise PCC in writing whether it will elect to transport under this Agreement the annual quantity of coal from the Inbound Loading Points stated in PCC's notice. If Carrier fails to notify PCC or Carrier notifies PCC that Carrier declines to transport the quantity of coal stated in PCC's notice, PCC shall have the right to contract for such transportation services with third parties.

In such event, this Agreement shall terminate upo. the expiration of such ninety (90) day period if no coal is being transported by Carrier under this Agreement and neither party shall have any further right or obligation under this Agreement. If coal is being transported by Carrier under this Agreement,

132

this Agreement shall continue as to such annual quantity and neither party shall have any further rights or obligations under this Agreement as to the Tonnage stated in PCC's notice. If Carrier has notified PCC that it will elect to transport the quantity of coal stated in PCC's notice, the provisions of this Agreement shall be applicable to such barge transportation and the annual quantity of coal to be transported under this Agreement shall be increased by the amount stated in PCC's notice, subject to PCC's right to change the annual quantity as provided in Section 3.2.

Notwithstanding any of the terms and conditions of this Agreement, in the event of termination of the Coal Agreement for any reason other than a default by PCC under the Coal Agreement (exclusive of defaults by PCC caused by actions or inactions of PCC's contractor, any rail carriers or water carriers other than Mid America Transportation Company), this Agreement shall also terminate. PCC's decision, for whatever reason, to decline to match the market price determined by Gulf under Sections 9.11 or 15.0 of the Coal Agreement shall not constitute a default by PCC.

3.0 Quantity and Annual Quantity.

3.1 Quantity. In accordance with the terms and conditions of the Coal Agreement and except as provided in Sections 14 and 15 thereof, Gulf is required to purchase an annual quantity of 1,900,000 tons of coal, subject to the actual burn requirements at Gulf's Crist and Lansing Smith plants and an annual minimum of 1,750,000 tons. PCC has the option under the Coal Agreement to supply the annual quantity of coal from the Destination Unloading

Point under this Agreement and/or from other loading points, and/or from the Shawneetown Dock with coal mined from PCC's Eagle and/or Equality Mines (collectively referred to as "Eagle Coal"), whereby coal is transported by Carrier under the Gulf Transportation Agreement. PCC represents to Carrier that PCC will ship under this Agreement all coal which PCC ships by barge to a blending facility for ultimate delivery to Gulf pursuant to the Coal Agreement. Carrier acknowledges that Carrier will transport under the Gulf Transportation Agreement all coal which PCC ships by barge directly to Gulf's plants pursuant to the Coal Agreement, subject to the limitations of the fifth amendment to the Gulf Transportation Agreement.

In the event that Gulf's actual burn is less than 1,900,000 tons at its Crist and Lansing Smith plants and Gulf does not purchase an annual quantity of 1,900,000 tons under the Coal Agreement, the annual quantity to be transported by Carrier under this Agreement shall be reduced prorata with shipments from other loading points and Eagle Coal from Shawneetown Dock to reflect actual purchases by Gulf in such Year. PCC has the option under the Coal Agreement to supply up to 200,000 tons annually of deficiency Tonnage under certain conditions as provided in Section 6.2 of the Coal Agreement. If PCC elects to make up any such deficiency Tonnage under the Coal Agreement by delivering blended coal by barge transportation (except for Eagle Coal), any deficiencies in the transportation of coal hereunder caused by such deficiencies under the Coal Agreement shall be made up.

134

3.2 Annual Quantity. Except as provided in Section 2, the quantity of coal to be provided by PCC from the Inbound Loading Points and to be received, transported, and delivered by Carrier to the Destination Unloading Point during each Year of this Agreement shall be as follows:

(A) Commencing March 1, 1988, the quantity to be transported during a Year shall be approximately 800,000 Tons, or for a partial Year, a proportion of such 800,000 Tons based on the months in which coal is shipped to twelve (12) months, except that in 1988 approximately 830,000 Tons shall be transported. The annual quantity shall be shipped by PCC in reasonably equal amounts as determined below from the Federal Complex and Randolph Complex Sources and shall be transported by Carrier in reasonably equal amounts, taking into account normal vacation schedules; and such amounts shall be shipped from the following Inbound Loading Points: Jack's Run, PA, Mile Post 3.6 on the Ohio River, or Glassport, PA, Mile Post 18.9 on the Monongahela River, for coal from the Federal Complex Source and the Mid America Fleet Area near Mile Posts 115 and 117 on the upper Mississippi River for coal from the Randolph Complex Source. Approximately fifty percent (50%) of the annual quantity shall be shipped from each of any two Inbound Loading Points listed in Annex A, as Annex A may be amended from time to time; provided, however, that the annual quantity from any Inbound Loading Point may not be more than sixty percent (60%) nor less than forty percent (40%) of the total annual quantity during any Year without the prior written consent of Carrier.

135

(B) Upon one hundred twenty (120) days' prior written notice by PCC, the annual quantity from all Inbound Loading Points may be increased up to a total of 1,900,000 Tons in the event PCC decides to cease deliveries of Eagle Coal to Gulf or reduce such deliveries by more than 700,000 tons annually. Carrier shall use its best efforts to minimize the amount of time Carrier needs to prepare for this increase in the annual quantity.

(C) Except as provided in Section 3.2(B), the annual quantity of coal from each Inbound Loading Point and the total annual quantity from all Inbound Loading Points may be increased or decreased upon thirty (30) days prior written notice to Carrier from PCC; provided, however, PCC shall not have the right to increase the annual quantity to more than 2,100,000 tons, nor to reduce the annual quantity below 800,000 tons annually except as provided in Sections 2, 3.1, 11 and 29, without the prior written consent of Carrier. In the event coal is supplied under the Coal Agreement from a new Inbound Loading Point on the Ohio River or the Mississippi River or their tributaries, PCC shall provide to Carrier at least ninety (90) days prior written notice of such Inbound Loading Point and the estimated annual quantity from such Inbound Loading Point. Upon notice to Carrier as aforesaid, the new Inbound Loading Point shall be added to Annex A.

4.0 Inbound Loading Points and Destination Unloading Point.

4.1 Designation of Inbound Loading Points. The Inbound Loading Points applicable to this Agreement shall be those listed

in Annex A attached hereto as such may be amended from time to time. Commencing March 1, 1988, PCC initially plans to use Inbound Loading Points at Jack's Run, PA (Mile Post 3.6 on the Ohio River) and Glassport, PA (Mile Post 18.9 on the Monongahela River) for coal from the Federal Complex Source, and the Mid America Fleet Area near Mile Posts 115 and 117 on the Upper Mississippi River for coal from the Randolph Complex Source on the Kaskaskia River. PCC may, with ninety (90) days' advance written notice, change the Inbound Loading Points as provided in Section 3.2 (C).

4.2 Destination Unloading Point. The Destination Unloading Point for coal transported under this Agreement shall be PCC's Shawneetown Dock barge unloading facilities. PCC may, with three (3) months advance written notice, change the Destination Unloading Point; provided, however, there shall be no more than one Destination Unloading Point at any one time.

5.0 Rates. The Base Rates set forth in Annex A are based on approximately fifty percent (50%) of the annual quantity from the Jack's Run/Glassport Terminals and approximately fifty percent (50%) of the annual quantity from the Mid-America Fleet Area. In the event that: (1) PCC shall desire to designate another Inbound Loading Point in Annex A for more than sixty percent (60%) of the annual quantity; or (2) PCC shall desire to ship more than sixty percent (60%) of the annual quantity from Jack's Run/Glassport Terminals or Mid-America Fleet Area in a Year, PCC shall so inform Carrier in writing. If such an event would increase Carrier's cost or increase Carrier's investment in

137

barges and towboats to perform the total transportation services under this Agreement, the parties shall, upon thirty (30) days prior written notice from Carrier to PCC, meet to discuss in good faith adjustments to the Base Rates resulting from the different proportionality of the annual quantity and Carrier's increased costs and investment.

5.1 Base Rates. The Base Rates applicable under this Agreement shall be those listed in Annex A which shall have a base date of January 1, 1988.

5.2 Additional Base Rates. In the event that additional Inbound Loading Points are required that are not listed in Annex A, then upon PCC's notice of such new Inbound Loading Points, a new Base Rate(s) shall be established which shall be comparable in its basis and method of computation to the Base Rate then in effect hereunder applicable to the Inbound Loading Point closest to the newly designated Inbound Loading Point, taking into account all differences in transportation conditions including differences in barge movements, in the amount and type of barge equipment and power required, and in loading rates and conditions at the new Inbound Loading Point. Notwithstanding the fact that the Destination Unloading Point for the coal to be transported hereunder is to be the Shawneetown Dock, PCC expressly reserves the right to consign all or any part of the coal delivered to Carrier for transportation to another Destination Unloading Point on the Mississippi River, the Ohio River or their tributaries or the Gulf Intracoastal Waterway which have adequate barge unloading facilities, including without limitation facilities of

companies affiliated with PCC. In the event that PCC shall designate a Destination Unloading Point other than Shawneetown Dock, a new Base Rate shall be established which shall be comparable in its basis and method of computation to the Base Rate then in effect hereunder applicable to the Destination Unloading Point closest to the newly designated Destination Unloading Point, taking into account all differences in transportation conditions including differences in barge movements, in the amount and type of barge equipment and power required, and in unloading rates and conditions at the new Destination Unloading Point.

Within thirty (30) days after Carrier's receipt of PCC's notice of a new Inbound Loading Point or a new Destination Unloading Point, as the case may be, Carrier shall send PCC a written notice which shall contain the new Base Rate and the supporting documentation and calculations. If PCC disagrees with the new Base Rate, PCC shall send Carrier a written notice which shall contain its objections to Carrier's new Base Rate. Upon receipt of PCC's notice, Carrier shall send to PCC the supporting documentation and calculations applicable to all differences (cost savings and increases) between the Base Rate for the Inbound Loading Point or the Destination Unloading Point, as the case may be, closest to the newly designated Inbound Loading Point or Destination Unloading Point, as applicable, and the proposed new Base Rate. If any questions remain, the parties agree to discuss in good faith any differences regarding Carrier's new Base Rate.

139

When Carrier submits to PCC an additional Base Rate under this Section 5.2, Carrier shall also propose the amount of free time applicable to the new Inbound Loading Point or Destination Unloading Point, as the case may be, for the calculation of any demurrage pursuant to Section 8(D). The amount of free time shall be based on the conditions at the new Inbound Loading Point or the Destination Unloading Point, as applicable.

6.0 Rate Adjustment.

6.1 Adjusted Rate Calculation. Commencing January 1, 1988, the Base Rates as listed in Annex A shall be adjusted whenever, after January 1, 1988, there is a change in the rate for barge transportation from Shawneetown Dock to Gulf's plants under the Gulf Transportation Agreement. Such adjustment to the Base Rates shall be made by the same percentage increase or decrease in the Shawneetown Dock rate. The Shawneetown Dock rate shall be used for this adjustment regardless of whether coal is then being transported from Shawneetown Dock under the Gulf Transportation Agreement.

Such calculation in accordance with this Section 6.1 shall be made to four (4) places past the decimal point and rounded to the nearest whole cent. Carrier shall submit to PCC the rate calculations as soon as practical and PCC shall approve such calculation as soon as practical.

6.2 Application of Taxes to the Adjusted Rates. In the event that Carrier shall be required to pay:

(a) Any federal, state or local taxes (except federal, state or local income taxes or their equivalent) on the transportation of the coal hereunder; or

(b) Any taxes, service charges or tolls for the use of rivers or locks in the transportation of coal hereunder; or

(c) Any other taxes (except federal, state or local income taxes or their equivalent) on property or capital directly used in the performance of this Agreement;

which are in excess of those existing prior to and being assessed as of the effective date of this Agreement (the date first above written) then, and in any such event, PCC shall each Year reimburse Carrier for the amount by which such taxes, tolls or charges so paid are in excess of the rates of, or are in addition to, such taxes, service charges or tolls established, charged or assessed on the effective date of this Agreement; provided, however, that in case any of said property or capital referred to in clause (c) above shall be used in part in other business of Carrier, the amount of such taxes on such property or capital for which PCC shall be obligated to reimburse Carrier as aforesaid shall be that proportion of such taxes which the aggregate of time during which such property or capital shall be used in the performance of this Agreement during the tax period involved bears to the total time during which such property or capital shall be used in the performance of this Agreement and of other business of Carrier during the tax period involved. The foregoing provisions of this Section 6.2 are intended to result

141

in reimbursement of Carrier by PCC for the amount of taxes, service charges or tolls, of the types defined above, which Carrier shall be required to pay from time to time throughout this Agreement but which Carrier could not consider in computing the Base Rate stated in Subsection 5.1, other than the Federal Inland Waterways Fuel User Tax for which scheduled rate increases shall be reimbursed. Carrier certifies that it considered in computing such Base Rate all existing taxes, service charges and tolls, of the types defined above, at their existing rates on the effective date of this Agreement as applied to the transportation services to be furnished, the use of rivers and locks to be made, and the property and capital to be used, in performance by Carrier under this Agreement, but Carrier could not consider in computing such Base Rate any increases in the rates of such taxes, service charges or tolls from the rates existing on the effective date of this Agreement (other than the Federal Inland Waterways Fuel User Tax) and could not consider any new taxes, service charges or tolls, of the types defined above, which may be imposed after the effective date of this Agreement.

Carrier shall each Year pay to PCC the amount by which the taxes, charges or tolls on the transportation of coal hereunder, the use of rivers or locks in connection therewith, or the property or capital used in the performance of this Agreement (proportioned according to time in performance as provided in the preceding paragraph, if appropriate) which shall have been paid by Carrier for the first Year of the initial term of this Agreement (provided that the taxes, charges or tolls so paid

shall have been assessed against transportation services furnished, use of rivers and locks made, and property and capital used, in performance by Carrier under this Agreement which is fairly representative of such services and use contemplated to be furnished and made by Carrier under this Agreement and, provided, further, that the amount of such taxes, charges or tolls so paid shall be certified by Carrier to PCC promptly following determination thereof) shall be more than the amount thereof paid or payable during each succeeding Year of this Agreement.

If PCC or Gulf so requests, Carrier shall contest the validity of any tax, charge, toll or tax increase, provided the party requesting the contest has agreed to bear all costs and expenses (including counsel fees) in connection with such contest and has furnished Carrier with indemnity satisfactory to it against all costs, expenses (including counsel fees) and liabilities to be incurred in or by such contest provided such party's obligation, should such contest be requested by or be beneficial to other parties for whom Carrier is performing shipping services, shall not be greater than an amount equal to the ratio of Tonnage shipped for PCC to the total Tonnage shipped for all parties benefitting from such contest.

6.3 Application of Changes in Lock Delay Times to the Adjusted Rates. The Base Rates are based on an allowance for an average delay of six (6) hours in locking through the Gallipolis, Ohio Lock ("GO Lock"). Carrier shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock throughout the term of this

Agreement. Commencing July 1, 1988 and on each January 1 and July 1 thereafter throughout the term of this Agreement, Carrier shall compute the actual average barge locking hours at the GO Lock for the immediately preceding six (6) month period by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the GO Lock to the other - from the time that each tow is assigned its turn to lock in either direction or the actual time locking commences in either direction, whichever is earlier, until the time such tow clears the GO Lock on the other side - divided by the number of barges in service hereunder locked in either direction.

To the extent that the actual average barge locking hours at the GO Lock exceeds nine (9) locking hours, PCC shall pay Carrier one point two cents (1.2¢) per hour for each Ton of coal transported hereunder during the immediately preceding six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours at the GO Lock so calculated for such six (6) month period divided by the number of barges locked either way at the GO Lock in service hereunder during such six (6) month period exceeds nine (9) locking hours. To the extent that the actual average barge locking hours at the GO Lock is less than three (3) locking hours as calculated above, Carrier shall pay PCC an amount of one point two cents (1.2¢) per hour for each Ton of coal as calculated above.

This one point two cent (1.2¢) charge shall not be adjusted during the term of this Agreement. Carrier shall utilize the

most efficient means reasonably available from time to time throughout the term of this Agreement to minimize the time actually required to lock its barges in service hereunder either way through the GO Lock. The determination of the aggregate hours required to lock all of Carrier's barges engaged in service hereunder during each six (6) month period is intended to include only the hours required in waiting to lock and in actually locking such barges through the GO Lock. Accordingly, in all instances in which a tow of barges of which any barge in service hereunder is a part is assigned its turn to lock either way through the GO Lock while such tow is moored at any point other than at the GO Lock, the transit time of that tow from such mooring point to the GO Lock shall be subtracted in calculating the locking hours for each barge in service hereunder contained in such tow.

If the GO Lock is hereafter modified to a standard size lock on the Ohio River, the provisions of this Section 6.3 shall be of no further effect and neither party shall thereafter pay any lock charges to the other.

7.0 Billing and Payment. Carrier shall render to PCC an invoice for transportation services twice a month. The first invoice shall be for coal transported to the Destination Unloading Point from the first to the fifteenth day of the month and the second invoice shall be for coal transported to the Destination Unloading Point from the sixteenth through the last day of the month. Carrier shall render to PCC a separate invoice once a calendar quarter for any demurrage charge during such

quarter. PCC shall pay Carrier within ten (10) working days after receipt of any such invoice. If any rate adjustments are in process, invoicing by Carrier shall be on the basis of the most current PCC approved Adjusted Rates, and an appropriate adjustment shall be made retroactively to the dates of adjustment as soon as a new Adjusted Rate is approved. Invoices shall be submitted by Carrier to:

Illinois Division Controller
Peabody Coal Company
50 Jerome Lane
Fairview Heights, IL 62208

and PCC shall pay Carrier by check, payable to:

Orgulf Transport Co.
P. O. Box 956303
St. Louis, MO 63195

8.0 Loading , Transloading, and Delivery.

(A) Except as provided in Section 11.0, PCC shall use its best efforts to deliver to Carrier all coal to be transported in any Year (adjusted for any proportionate increase or decrease occurring during such Year pursuant to Sections 2.0 and 3.0 of this Agreement) in substantially equal monthly quantities and in approximately equal weekly quantities during the month, and Carrier agrees to accept such coal from PCC when offered for transportation and deliver it to the Destination Unloading Point without delay other than normal delays incidental to bulk barge transportation. Carrier shall notify the operator at the Destination Unloading Point at least twelve (12) hours prior to the arrival of each tow of loaded or empty barges.

(B) The loading of the coal into Carrier's barges at the Inbound Loading Point shall be done or caused to be done by PCC

or its contractors in a workmanlike manner. It is understood that it is Carrier's exclusive responsibility to tie up and secure the barges at the time of delivery thereof to Docks at the Inbound Loading Point. PCC shall have the right, but shall not be obligated, to refuse to load any barges it considers unseaworthy or any barges containing foreign matter or excessive water. Carrier agrees to comply with the reasonable docking procedures specified by PCC or its contractor. PCC agrees that coal from the Federal Complex Source shall be delivered to the Inbound Loading Point in trains containing no less than 9,000 tons and PCC shall use reasonable efforts to load 9,200 tons in each train.

The parties have contemplated that barges will contain an average of 1,500 Tons of coal. The parties also recognize that river conditions at the Docks and on all applicable waterways may prevent the transportation of barges containing an average of 1,500 Tons of coal. In the event barges moved from an Inbound Loading Point to the Destination Loading Point do not contain a monthly average of at least 1,500 Tons for two (2) consecutive months, exclusive of adverse river conditions, the parties shall, upon written notice from Carrier to PCC, meet to discuss in good faith any reasonable steps that may be taken by either party to alleviate the light loading of barges.

(C) The rates contained in Annex A hereof are based on the availability of high-speed loading and unloading facilities at the Inbound Loading Points and the Destination Unloading Point. All unloading facilities will consist of one or more of the

following: bucket-ladder, wheel-type, clam shell or similar type unloaders. PCC shall use its reasonable efforts to unload, or to procure the unloading of, Carrier's barges at a rate equal to or greater than the scheduled rate of delivery of loaded barges to the Destination Unloading Point in order to avoid an accumulation of barges at any such Destination Unloading Point and to facilitate the utilization of Carrier's equipment and minimize the idle time of such equipment. It is recognized, however, that weather and other conditions beyond the reasonable control of the parties may at times result in uneven rates of delivery of barges or otherwise prevent barge unloading such as would result in the most efficient exchange of loaded and empty barges. The foregoing sentence is not intended to abrogate PCC's obligation to pay for demurrage pursuant to Section 8(D).

(D) It is understood that it is Carrier's exclusive responsibility to tie up and secure the barges at the time of delivery thereof to Docks at the Destination Unloading Point. Carrier shall insure that tows of barges are delivered in as uniform a manner as practically possible consistent with loadings at Inbound Loading Points to avoid bunching of barges at the Destination Unloading Point.

Carrier shall maintain a demurrage account in which only the debits and credits for the loading of barges at the Inbound Loading Points shall be recorded. When PCC commences blending of coal at Shawneetown Dock, Carrier shall maintain a separate demurrage account in which only the debits and credits for the unloading and reloading of barges and the loading of barges at

148

Shawneetown Dock shall be recorded. Notwithstanding the fact that the transportation of Eagle Coal is not provided for in this Agreement, the parties have agreed to include barges used for the transportation of Eagle Coal in the demurrage and free time computations at Shawneetown Dock to facilitate the Shawneetown Dock demurrage account calculations. Free time shall be allowed for the loading of barges at the Inbound Loading Points and for the unloading and reloading of barges or the loading of barges, as applicable, at Shawneetown Dock as provided in Annex B attached hereto and made a part hereof. The maximum fleeting capacity of each Inbound Loading Point and Shawneetown Dock is shown in Annex B. Carrier shall not deliver any barges that would result in the total number of barges at an Inbound Loading Point or Destination Unloading Point exceeding such maximum fleeting capacity without the prior consent of PCC or its contractor. Free time for a barge shall commence on the later of: (1) the first Day following the placement of the barge at an Inbound Loading Point or the Destination Unloading Point, as applicable; or (2) the Day Carrier was to deliver such barge pursuant to the schedule agreed to by Carrier and PCC or PCC's contractor. Except as otherwise provided in Section 30.0, Sundays and national holidays shall not be counted in computation of free time unless dock crews work on those days. Any Day in which loading does not occur because of an event of force majeure as provided in Section 11.0 shall not be counted in computation of free time nor shall a demurrage charge be assessed for any such Day for each empty barge at an Inbound Loading Point or the

Destination Unloading Point, but force majeure shall not affect the computation of free time and demurrage for any loaded barges. Demurrage shall end for any barge at an Inbound Loading Point when that barge has been loaded and Carrier has been notified that such barge is available for Carrier. Demurrage shall end for any barge at Shawneetown Dock when that barge has been unloaded and reloaded or loaded, as applicable, with blended coal or Eagle Coal and Carrier has been notified that such barge is available for Carrier. In the event Carrier is transporting only 1,300,000 tons of coal annually during the Secondary Term of the Gulf Transportation Agreement, demurrage shall end for any barge at Shawneetown Dock when that barge has been unloaded and reloaded or loaded, as applicable, with blended coal or Eagle Coal, and Carrier has been notified that such barge is available for Carrier, or unloaded and Carrier has been notified that such empty barge is available for Carrier. There shall be no more than 25 barges on free time at Shawneetown Dock, no more than 15 barges on free time at Mid-America Fleet Area, no more than 6 barges on free time at Jack's Run and no more than 12 barges on free time at Glassport, notwithstanding the number of barges actually at such places. No more than 15 of the maximum 25 barges on free time at Shawneetown Dock shall be barges awaiting unloading. Free time for each excess barge shall commence concurrently with the expiration of free time for each of the 25, 15, 6 or 12 barges, as the case may be; provided, however, free time shall not commence for any excess barge that was not placed for loading pursuant to the schedule agreed to by Carrier and PCC

150

or PCC's contractor but was placed for loading at an Inbound Loading Point or Destination Unloading Point for Carrier's convenience. Free time for any such excess barge shall commence on the Day such barge was to be delivered pursuant to the schedule agreed to by Carrier and PCC or PCC's contractor. After such free time has expired, a demurrage debit per barge per Day shall be assessed for each Day that such a barge is not released to Carrier. Carrier shall grant PCC a per barge demurrage credit for each Day that a barge is loaded and notice given to Carrier at an Inbound Loading Point before the free time for that barge has expired. Carrier shall grant PCC a per barge demurrage credit for each Day that a barge is unloaded and reloaded or loaded, as applicable, and notice given to Carrier at Shawneetown Dock before free time for that barge has expired.

At the end of each calendar quarter for the Inbound Loading Points demurrage account and at the end of each calendar quarter after PCC commences blending of coal at Shawneetown Dock for the Shawneetown Dock demurrage account, each demurrage account shall be separately balanced and settled as follows. Credits in the Inbound Loading Points demurrage account shall be used to cancel debits in such demurrage account with one credit cancelling one debit. Credits in the Shawneetown Dock demurrage account shall be used to cancel debits in such demurrage account with one credit cancelling one debit. There shall be no payment for unused credits in the demurrage accounts and such credits shall be cancelled at the end of each quarter. Credits in the Shawneetown Dock demurrage account shall not be used to cancel

debits in the Inbound Loading Points demurrage account and vice versa. Carrier shall assess PCC a demurrage charge of One Hundred Ten Dollars ($110.00) for each debit remaining in each account at the end of each calendar quarter. Carrier shall submit to PCC quarterly the demurrage charges and the information from which such charges are invoiced to PCC as provided in Section 7.0.

9.0 Equipment.

(A) Carrier shall at all times provide a sufficient number of jumbo open hopper barges (width not exceeding 35 feet), maintained in a good and seaworthy condition and adequate motive power to enable Carrier to carry out its obligations under this Agreement without delay and in a workmanlike manner. All empty barges shall be delivered to the Inbound Loading Point free of foreign matter and excessive water. Carrier shall use its best efforts to remove excess water from each barge prior to delivery of empty or loaded barges. Carrier shall maintain close communication with PCC or its contractor(s) and will cooperate in having the available barges dispatched from time to time to Inbound Loading Points in the manner best suited to facilitate loading and to maintain an orderly movement of coal to the Destination Unloading Point.

(B) When placed for loading or unloading, barges shall be securely moored, free from extraneous material in the cargo box and free of excess water. PCC shall have the right, but not the obligation, to reject any barges placed for loading which contain material or water which would contaminate the coal to be loaded.

Carrier shall provide for the pumping as necessary in transit or at the Destination Unloading Point to deliver the barges free of excess water to allow unloading. If excess water is present prior to placement at the Destination Unloading Point which prevents unloading at the Destination Unloading Point, Carrier shall pump such barges and any delay caused by such pumping shall be counted as additional free time in determining demurrage. Carrier shall reimburse PCC for any extra charges incurred by PCC for services performed by PCC or its contractor at the Destination Unloading Point as a result of any barge being delivered by Carrier to the Destination Unloading Point which did not meet the requirements of this Agreement; provided that Carrier shall first be given reasonable opportunity at its own expense to satisfy such requirements and while Carrier is satisfying such requirements any delay shall be counted as additional free time in determining demurrage.

10.0 Weights. The weights used to determine the payment hereunder shall be based on (1) scales at the Kaskaskia Regional Port District ("KRPD") Dock for coal transported from the Mid America Fleet Area; (2) scales at the Federal Complex for coal transported from the Jack's Run Dock and Glassport Dock except that during the first six (6) months of the term hereof and when such weights are not available, barge displacement measurements may be used in lieu of scales; (3) scales, railroad weights or barge displacement measurements, at PCC's option, for coal transported from other Inbound Loading Points. PCC represents to Carrier that the trainload weights determined by scales at the

Federal Complex will also be used by the rail carrier delivering the coal to Jack's Run Dock and Glassport Dock. The weighing shall be performed by PCC, its contractor or a railroad, as applicable, and shall be performed at the expense of PCC. PCC's scales at the Federal Complex and the KRPD Dock shall be maintained, tested and certified in accordance with the rules and regulations contained in the National Bureau of Standards "Handbook 44", "Specifications, Tolerances and other Technical Requirements for Commercial Weighing and Measuring Devices." Barge displacement measurements shall be made and certified by an independent marine surveyor, at PCC's expense, using Carrier's barge register. In the event that the barge displacement method is used for measurement, Carrier shall provide PCC with its corrected, up-to-date barge register indicating all repairs or modifications to the barge including new weights for barges used under this Agreement. PCC shall provide the certified displacement calculation or weight records from the scales to Carrier for the purpose of preparing invoices for coal movements hereunder. With respect to coal being weighed by railroad weights, PCC shall, from time to time, weigh a reasonable quantity of coal at the Source to check the accuracy of the railroad weights.

Carrier shall have the right to be present at any and all times to observe determination of weights. If Carrier should at any time question the accuracy of the weights thus determined, Carrier shall so advise PCC and the weighing devices and methods shall be tested and adjusted to a condition of accuracy by a

qualified third party, mutually chosen by Carrier and PCC, and the cost of the testing and adjusting by such third party shall be shared equally by Carrier and PCC. If the weighing devices or methods are determined to be out of tolerance as established by the applicable standards, an appropriate adjustment shall be made to the affected weights and related invoices and payments. Such adjustments shall be made retroactively to a date midway between the date on which the weighing device was last calibrated and the date on which the out of tolerance condition caused by weighing methods or devices was first questioned and prospectively until the date on which the weighing methods and devices were corrected.

11.0 Force Majeure. If, because of force majeure, either PCC or Carrier is unable to carry out any of its obligations under this Agreement, and if such affected party promptly gives to the other party hereto written notice of such force majeure, then the obligations of the party giving such notice shall be suspended to the extent made necessary by such force majeure and during its continuance. If an event or events of force majeure continues for a period of nine (9) consecutive months and the party claiming excuse hereunder is totally unable to perform its obligations hereunder, and if at the end of the nine (9) month period, the party not claiming force majeure hereunder, in the exercise of its own reasonable judgment, concludes there is no likelihood of overcoming the event in the immediate future, then the party not claiming force majeure hereunder may terminate this Agreement without liability to the other party by giving to the

other party ninety (90) days notice in writing of its intent to terminate.

If an event or events of force majeure continues for a period of nine (9) consecutive months and the party claiming excuse hereunder is only partially unable to perform its obligations hereunder and if at the end of the nine (9) month period, the party not claiming force majeure hereunder, in the exercise of its own reasonable judgment, concludes there is no likelihood of overcoming the event in the immediate future, then the party not claiming force majeure hereunder may terminate that portion of the Agreement so affected, without liability to the other party, by giving notice as provided above; and the remainder of the Agreement shall remain in full force and effect.

The parties agree to use all reasonable means to eliminate such force majeure or reduce its effects insofar as possible with all reasonable dispatch (except that any party may settle any of its own labor disputes and strikes or terminate any of its own lockouts in its sole discretion). Any force majeure notice will include, or as soon as possible include, in addition to the circumstances, the Tonnage involved and the calculations thereof.

The term "force majeure" as used herein shall mean any causes beyond the reasonable control of the party affected thereby and not caused, or materially contributed to, by the fault or negligence of the party affected thereby. The term "force majeure" shall include, but shall not be limited to, acts of God; wars, acts of the public enemy; insurrections; riots, strikes; labor disputes; lockouts; fires; explosions; floods;

156

interruptions of rail or barge equipment; frozen coal; river freezeups; high or low waters which prevent safe navigation of the Ohio, Mississippi and Tennessee Rivers and their tributaries; orders or acts of civil or military authorities; breakdown of or damage to plants, equipment or facilities (including mining, loading, unloading, blending, transloading and transportation equipment or facilities of the parties hereto, of the Sources supplying coal hereunder or a Destination Unloading Point contractor); faults in coal seams at Sources supplying coal involved hereunder; interruptions to rail transportation; labor shortages; unjustified breach of contract by a third party without sufficient notice to arrange a reasonable substitute performance where the performance of such contract by such third party is intimately interrelated and essential to the performance of this Agreement (provided, however, that PCC shall not be required to arrange for substitute coal deliveries, but in the event PCC decides to deliver substitute blended coal by barge, such deliveries shall be made under this Agreement); suspension of shipments under the Coal Agreement; or other causes of a similar nature which wholly or partially prevent the mining, delivering, blending, loading or unloading of the coal involved hereunder by PCC or its contractor(s) or the receiving, transporting, or delivering of such coal by Carrier. It is specifically agreed that the term "force majeure" shall mean any event of force majeure by Gulf under the Coal Agreement for which PCC reasonably decides to cease shipments of coal under this Agreement because of the size or condition of the coal stockpile

157

at the Destination Unloading Point and/or the quantity of the coal in transit to the Destination Unloading Point. Anything herein to the contrary notwithstanding, it is specifically agreed that the term "force majeure" shall encompass any reduction, curtailment, interruption, disruption or cessation in the operations pertinent hereto to Shawneetown Dock or another Destination Unloading Point contractor, PCC, PCC's rail carrier and Mid America Transportation Company ("MATCO"), the Sources, the Carrier or its subcontractors or Gulf caused by order, ruling, decree, regulation, legislative enactment or decision issued by any federal, state or local government agency. If PCC elects to make up force majeure deficiencies under the Coal Agreement by delivering blended coal other than Eagle Coal by barge transportation, any deficiencies in the transportation of coal hereunder caused by force majeure shall be made up.

12.0 Insurance and Liability. Carrier shall obtain and keep in effect Hull and Machinery Insurance with Collision Liability Clause and Protection and Indemnity Insurance or equivalent with recognized Marine Underwriters and such policy or policies shall be maintained in force during the life of this Agreement. Such policy or policies shall cover all barges, towing vessels and other equipment of Carrier used in the performance of this Agreement, and Carrier shall obtain and furnish to PCC annually a certificate by a reputable marine insurance broker reasonably satisfactory to PCC certifying policy limits of at least Five Million Dollars ($5,000,000.00), subject to Carrier's customary

158

self-insurance retention, for protection, indemnity and collision liability coverages.

PCC or its contractor shall, at its own expense, carry and maintain Longshoremen's and Harbor Workers' Compensation Act Insurance covering its respective employees at the Docks together with adequate insurance to provide for third party (other than Carrier) liability in connection with the operation of such Docks. PCC shall have the right to self-insure in whole or in part with respect to these obligations. From and after the time a barge is delivered to Shawneetown Dock for unloading until such barge is reloaded and picked up by Carrier, PCC shall have the liabilities of a bailee as provided by law. For purpose of this paragraph, a barge shall be deemed to have been delivered to PCC when it has been secured by Carrier at the upstream end of the unloading Dock at Shawneetown Dock and shall be deemed to have been picked up from PCC when untied by Carrier from the downstream end of the loading Dock at Shawneetown Dock. PCC shall maintain bailee's insurance adquate to compensate Carrier for any loss of or damage to Carrier's barge occurring while in PCC's possession as a result of PCC's failure to perform its duties as a bailee of said barge as required by law.

Carrier assumes liability for, and shall be liable to PCC for general average salvage charges and physical damages to or loss to the coal, when in Carrier's care, custody and control howsoever occurring, which shall be not less than the value of the coal delivered to the Destination Unloading Point. Carrier shall also be liable to PCC for any delay in the delivery of the

coal except such delays caused directly from any act or default of PCC or any force majeure as provided in Section 11. Carrier shall be liable for, and shall indemnify PCC against loss or damage to property, or for injury or death to persons while empty barges are being delivered to loading Docks or removed from unloading Docks or while loaded barges are being removed from loading Docks or delivered to unloading Docks or as a result of Carrier's failure to adequately secure the barges to the loading or unloading Docks; provided, however, that notwithstanding the preceding provisions of this sentence, Carrier shall not be liable for, nor indemnify PCC against, injury or death to persons employed by PCC, nor for loss or damage to property, or injury or death to persons caused solely by the negligence of PCC.

13.0 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of its respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other party sixty (60) days notice in writing of its intention to do so and specifying the default. At the expiration of said sixty (60) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith with no liability therefor. The failure of the parties to agree on a price adjustment pursuant to Section 6 shall not constitute grounds for rescission or termination of this Agreement.

160

14.0 Other Rights Upon Default. In addition to and not as a limitation upon other rights of PCC or Carrier, either party may elect, at its sole option, to forego its right to terminate this Agreement upon the other's default hereunder as specified herein and in lieu thereof require the other to perform its obligations hereunder according to the terms and conditions of this Agreement.

15.0 Performance. The failure of any party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, but the same shall continue in full force and effect. All remedies afforded under this Agreement shall be taken and construed as cumulative and in addition to every other remedy provided for herein or by law.

16.0 Amendments. No term or provision of this Agreement may be altered or modified orally, but only by an instrument in writing signed by PCC and Carrier.

17.0 Subcontractors. It is understood that nothing herein contained shall prevent Carrier from subcontracting for any of the services provided for herein, but any such subcontractor shall be fully responsible to PCC for all obligations of Carrier hereunder and Carrier shall remain responsible to PCC for the performance of all Carrier's obligations hereunder, whether performed by Carrier or any subcontractor.

161

18.0 Independent Contractor. It is understood by the parties that neither PCC nor Carrier is an agent or employee of the other and that each shall exercise independent control and direction in their work performed under this Agreement.

19.0 Records and Audits. Carrier shall keep accurate and satisfactory records and books of accounts maintained in accordance with generally accepted accounting principles applicable to the barge transportation industry showing all costs, payments, price revisions, credits, debits, logs relating to locking time through the GO Lock and all other data required for the purpose of this Agreement. Carrier shall keep such records and books for a period of two (2) years after the end of each Year.

Each time the Base Rates are revised in accordance with Section 6 and at any other time upon ten (10) days written notice from PCC, Carrier shall furnish to PCC a detailed statement showing Carrier's calculations of the revised Base Rates and the basis for the revisions made therein or showing the current Adjusted Rates in the event there have been no recent revisions. Carrier grants to PCC or Gulf the right at all reasonable times, upon written notice to Carrier, to examine and audit Carrier's pertinent records and books of accounts and other data available to Carrier for the purpose of verifying the data used or to be used in determining any then existing Adjusted Rates or in determining the amount of revisions of any Base Rates. Carrier also grants PCC or Gulf the right at all reasonable times, upon written notice to Carrier, to examine and audit Carrier's logs

1162

relating to payments made or to be made pursuant to Section 6.3 relating to locking time through the GO Lock. Appropriate adjustments shall be made between PCC and Carrier if any such examination and audit reveals the terms of this Agreement are not being complied with.

In addition to the foregoing paragraph, PCC and Gulf shall have the right at all reasonable times during the continuance of this Agreement, upon written notice to Carrier, to require an audit of Carrier's costs and other data used in determining the then existing Adjusted Rates or the amounts of revisions of the Base Rates and the payments, credits and debits, including payments related to locking time through the GO Lock. Such audit shall consist of an examination of Carrier's pertinent books and records and other data available to Carrier and PCC by a recognized firm of certified public accountants, mutually chosen. If such audit discloses that any error was made in determining any revision of the Base Rates, or in any payments, credits or debits hereunder, including payments related to locking time through the Lock, the error shall be corrected and PCC shall promptly pay to Carrier the amount of any underpayment resulting from such error or Carrier shall promptly refund to PCC the amount of any overpayment resulting from such error. If the audit discloses errors amounting to $25,000 or more in a Year that were caused by Carrier's failure properly to keep any of Carrier's books, records or related data, as aforesaid, Carrier shall pay the accounting fees incurred in such audit, otherwise such fees shall be paid by the party requiring the audit. The fact that an audit

has been requested or is in progress shall not relieve Carrier or PCC of its obligation to perform hereunder. PCC and Gulf shall also have the right, upon written notice to Carrier, to have a recognized firm of certified public accountants conduct an audit of Carrier's costs and other data used by Carrier in calculating additional Base Rates pursuant to Section 5.2. The cost of any such audit shall be paid by the party requesting the audit.

20.0 Applicable Law. To the extent not governed by applicable federal statute, the laws of the State of Illinois shall govern the validity, construction and performance of this Agreement and all controversies and claims arising hereunder.

21.0 Assignment. This Agreement may be assigned by either party and in such event the assignee shall be fully responsible for all obligations of the assigning party hereunder and such assignment shall not in any way relieve the original parties from primary liability for all their obligations hereunder. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

22.0 Notices. Except as herein otherwise provided, any notice, request, consent, demand, report or statement, which is given to or made upon either party hereto under any of the provisions of this Agreement, shall be in writing unless it is otherwise specifically provided herein, and shall be treated as duly delivered when the same is either (1) personally delivered to the president or any vice-president of PCC in case of a notice to be given PCC, or personally delivered to the president or any

vice-president of Carrier in the case of a notice to be given to Carrier, or (2) deposited in the United States mail, postage prepaid, and properly addressed as follows:

(a) If the notice is to PCC:

Illinois Division President
Peabody Coal Company
50 Jerome Lane
Fairview Heights, IL 62208

Director of Transportation
Peabody Development Company
P. O. Box 14222
St. Louis, MO 63178

(or to such other person or address as PCC shall have designated by due notice to Carrier).

(a) If the notice is to Carrier:

President
Orgulf Transport Co.
P. O. Box 1460
Cincinnati, OH 45201

(or to such other person or address as Carrier shall have designated by due notice to PCC).

Any notice, request or demand pertaining to matters of an operating nature may be delivered by mail, messenger, telegraph, telephone or verbally, and to such agent of the party hereto being notified as may be appropriate; and, if given by telephone, telegraph or verbally, shall be confirmed in writing as soon as practicable thereafter if the party to whom the notice is given so requests.

23.0 Headings and Table of Contents. The headings or titles of the several sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the construction, interpretation or effect of this Agreement.

24.0 Notice of Loss or Damage. If any loss, contamination, or damage to coal is observed or discovered by either party or its authorized representative during the course of any shipment from the Inbound Loading Point to the Destination Unloading Point, that party shall immediately, or as soon thereafter as is reasonably possible, notify the other party of such loss, contamination or damage. In the event of an occurrence of the above, both parties shall be given an opportunity to attend a joint survey of said loss, contamination or damage.

25.0 Confidentiality. Except to the extent disclosure of information contained in this Agreement is required by law or governmental order or regulation applicable to Carrier, PCC, or Gulf, and except as may be permitted under Section 19 hereof, the contents of this Agreement shall not be disclosed or released by any party other than to Gulf and its agent, Southern Company Services, Inc. without the prior written consent of PCC or Carrier. However, Carrier and PCC shall each have the right to disclose the contents of this Agreement for business purposes to its respective parent company, to other affiliated companies and to counsel retained by such entities and to PCC's and Carrier's independent public accounting companies without the prior written consent of the other party.

26.0 Resolution of Disputes; Third Party Rights. Carrier acknowledges that a dispute between Carrier and PCC arising under Sections 6.1, 6.2 and 6.3 of this Agreement may have a direct impact on the rights and liabilities of Gulf under the Coal Agreement. Carrier likewise acknowledges that pursuant to the

terms of the Coal Agreement, Gulf has the option to require PCC to invoke the provisions of this paragraph and may prosecute or defend an action relating to Sections 6.1, 6.2 and 6.3 of this Agreement in the name of PCC, but for the benefit of Gulf. Under the Coal Agreement, Gulf agrees that in any action brought for its benefit, it will, if legally permissible, bring such action in its own name. Carrier agrees that in any such action it will not object or defend such action on the basis of Gulf's being an improper party to prosecute or defend such action.

PCC acknowledges that a dispute between Gulf and PCC arising under the Coal Agreement may have a direct impact on the rights and liabilities of Carrier under this Agreement. PCC agrees that, if Carrier deems it to be in Carrier's best interest that a matter be contested and proceedings commenced or defended relating to Section 9.10(1) of the Coal Agreement, PCC shall commence or defend such proceedings, and if required by law shall do so in its name, but on behalf of and for the benefit of Carrier. Carrier agrees that, before requesting PCC to commence or defend such proceedings, it will make best efforts to bring such action or assert such defense in its own name. If PCC is required to bring such action or assert such defense at Carrier's request, Carrier shall be responsible for said action and will prosecute and/or defend its rights thereunder at its own expense. PCC agrees to cooperate in good faith with Carrier in its exercise of the rights provided in this paragraph.

27.0 Mid America Transportation Company. It is understood that MATCO shall provide to PCC certain barge towing services

between the Mid America Fleeting Area and the KRPD Dock. As applicable and when required by PCC, Carrier hereby grants to PCC control and custody of barges delivered to the Mid America Fleet Area. PCC shall assume all responsibility and liability for any damages caused to Carrier's barges while in the care, control and custody of PCC for the purposes of services to be provided by MATCO herein. Such liability shall continue from the time the empty barges are placed in the Mid America Fleet Area until the loaded barges are tied onto Carrier designated towboats at the Mid America Fleet Area. PCC shall have the right to contract with MATCO for towing the empty Carrier barges to KRPD Dock. PCC shall be responsible for costs of fleeting services performed by MATCO from the Day a barge is placed at Mid America Fleet Area until and including the later of: (1) the Day the barge is loaded and placed in the Mid America Fleet Area and Carrier has been notified that the barge is available for pick up; or (2) the third Day after the Day on which such barge has been initially placed on free time at the Mid America Fleet Area by Carrier. Carrier shall pay to PCC the costs of barge fleeting at the rate of Eighteen Dollars ($18.00) per barge per Day or fraction thereof to reimburse PCC for barge fleeting costs performed by MATCO for all other Days that a barge is at the Mid America Fleet Area. Carrier shall pay to PCC the following switching charge to reimburse PCC for switching services. The switching charge shall cover the switch from Carrier's tow into the Mid America Fleet Area and the switch from such Fleet Area into Carrier's tow.

168

Switching Charge	Total Annual Quantity at Mid America Fleet Area
$120 per barge	600,000 tons or less
$ 70 per barge	More than 600,000 tons

Billing for switching services in a Year shall be made at a rate based on the projected total annual quantity at Mid America Fleet Area, subject to adjustment at the end of each Year based on the actual total annual quantity. PCC shall send Carrier an invoice once a month for all fleeting and switching charges in such month. Carrier shall pay PCC such invoiced amount by remitting a check to PCC at the address contained in Section 22 within fifteen (15) days of receipt of the invoice.

28.0 Severability. In the event any covenant, condition or provision of this Agreement is held to be invalid or unenforceable by any final judgment of a court of competent jurisdiction, the invalidity or unenforceability thereof shall in no way affect any of the other covenants, conditions or provisions hereof, provided that such remaining covenants, conditions or provisions can thereafter be applicable and effective without material prejudice to either party. This Agreement is a separate agreement from any other agreement between the parties and all duties and obligations of either party hereunder shall not be dependent on performance under any other agreement.

29.0 Change in Environmental Related Requirements. If Gulf's purchase commitments in its Coal Agreement with PCC are in any manner reduced or eliminated pursuant to Section 15 of the Coal Agreement, whether justified or not, then the Tonnage commitments of PCC under this Agreement shall be correspondingly

reduced or eliminated. In the event Gulf changes the coal specifications because of a change in the "environmental related requirements" as provided in Section 15 of the Coal Agreement and PCC elects to supply unblended coal in lieu of blended coal, the tonnage commitments of PCC under this Agreement shall be correspondingly reduced or eliminated.

30.0 Barge Demurrage and Rail Demurrage at Jack's Run and Glassport. If Carrier fails to deliver the tow of six (6) empty barges at Jack's Run or Glassport in accordance with the schedule agreed to by Carrier and PCC's contractor, and such failure results in rail demurrage, Carrier shall reimburse PCC for railroad demurrage at the rate of twenty dollars ($20.00) per car per day, on all cars in the consignment until the last car is unloaded. If as the result of such failure by Carrier, the railroad delivering the coal to Jack's Run incurs and bills PCC for extra costs due to incomplete train unloadings or the railroad delivering the coal to Glassport is required to pay and bills PCC for ground storage charges, such costs shall be reimbursed by Carrier to PCC. Saturdays and Sundays shall be counted in computation of barge free time unless Carrier fails to deliver the tow of six (6) empty barges as provided above or unless an event of force majeure affecting PCC or PCC's contractor at Jack's Run or Glassport occurs as provided in Section 11, in which case such days shall be excluded. If the scheduling of barges at Jack's Run becomes a continuing problem for Carrier, PCC or PCC's contractor, then Carrier, PCC and PCC's

170

contractor shall negotiate an acceptable solution to all parties to resolve such barge scheduling problems.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective corporate officers thereunto duly authorized, as of the dav, month and Year first written above.

PEABODY COAL COMPANY	ORGULF TRANSPORT CO.
By: _____	By: _____
Its: _____	Its: _____

ANNEX A

BASE RATES

The Base Rates as of January 1, 1988 to be paid by PCC to Carrier for receiving, transporting and delivering coal in barges provided by Carrier to Shawneetown Dock shall be as follows:

Inbound Loading Point	Rate For All Tons
Glassport, PA	$4.97
Jack's Run, PA	$4.90
Mid America Fleet Area	$1.80
Green River Docks	
Ken Dock	$2.37
River Queen Dock or Gibraltar Dock	$2.25
Huntington-Kenova	$3.55
Yankeetown	$1.44

172

ANNEX B

FREE TIME, STORAGE CAPACITY AND OPERATIONAL MATTERS

Inbound Loading Points

1. Mid America Fleet Area:

   a. Maximum Fleeting for Carrier -- 30 total barges (loaded and empty) if Carrier is transporting at the rate of 950,000 Tons of coal annually under this Agreement from Mid America Fleet Area, 15 total barges if Carrier is transporting at the rate of 400,000 Tons of coal annually under this Agreement from Mid America Fleet Area and a prorata quantity of barges if Carrier is transporting at the rate of more than 400,000 Tons but less than 950,000 Tons of coal.

   b. Tow Size -- 6 barges minimum and 15 barges maximum provided that Carrier may from time-to-time deliver less than 6 barges.

   c. Free Days -- First 8 barges delivered in a Day are subject to 3 free days and next 7 barges delivered in the same Day are subject to 4 free days.

2. Jack's Run:

   a. Maximum Fleeting for Carrier -- 12 total barges (loaded and empty).

   b. Tow Size -- 6 barges to receive a 9200 ton unit train provided that Carrier may, from time to time, deliver less than 6 barges.

   c. Free Days -- 3 free days to load 6 barges except as provided in Section 30.0. If Carrier delivers less than 6 barges in a Day, free time shall commence on all barges at Jack's Run on the Day when the sixth barge has been delivered to Jack's Run.

   d. Other -- Carrier and PCC's contractor shall mutually agree to the arrival times for tows and trains to minimize demurrage for both.

3. Glassport:

   Upon request by PCC, the parties shall agree upon the train capacity, maximum fleeting, tow size and free days for Glassport; provided, however, the train capacity, free days, tow size and maximum fleeting shall not be more restrictive to Carrier than those provided for Jack's Run.

Destination Unloading Point

1. Shawneetown Dock:

   a. Maximum Fleeting for Carrier -- 45 total barges (loaded and empty) for deliveries under this Agreement and for deliveries of Eagle Coal under the Gulf Transportation Agreement.

   b. Tow Size -- 6 barge tow minimum and 15 barge tow maximum provided that Carrier may from time-to-time deliver less than 6 barges.

   c. Free Days -- For unloading and reloading of blended coal, first 8 barges delivered in a Day are subject to 3 free days and next 7 barges delivered in the same Day are subject to 4 free days.

      For loading of Eagle Coal, 3 free days for all barges.

ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)
Page 1 of 2

(For a Per Ton Adjustment Effective January 1, 1988)

I. Calculation of Weighted Percentage Change:

Index	Current* Index		Base** Index		Percentage Change		Index Weight		Weighted Percentage Change
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)	114.3	÷	113.3	=	1.009	x	6%	=	6.1%
Final Rail Cost Adjustment Factor (RCAF)	1.093	÷	1.087	=	1.006	x	92%	=	92.6%
057 Petroleum Products, Refined	59.8	÷	61.6	=	.971	x	2%	=	1.9%
							100%		100.6%

NOTE: Figures used for illustration purposes only and are not meant to predict actual changes in indices.

* CPI-W and Petroleum Products, Refined as of November 1987 (1982 - 84 = 100). Final RCAF as of the 4th Quarter of 1987.

** CPI-W and Petroleum Products, Refined as of August 1987 (1982 - 84 = 100). Final RCAF as of the 3rd Quarter of 1987.

ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)
Page 2 of 2

II. Calculation of the Per Ton Adjustment Effective January 1, 1988:

Base Other Transportation Cost Component	$3.08
Weighted Percentage Change	x100.6%
Adjusted Other Transportation Cost Component	$3.10
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	.00
Per Ton Adjustment Effective January 1, 1988	$.12

ANNEX P

Computation of Per Ton Adjustment for Changes in Blending Cost

Section 9.10 (3)
Page 1 of 2

I. Calculation of the Weighted Percentage Change:

BLS. Code	Index	Current Index Feb.,1988		Base Index Nov.,1987		Percentage Change		Index Weight		Weighted Percentage Change
	Consumer Price Index - All Urban Consumers	115.6	÷	115.4	=	1.002	X	30%	=	30.1%
	Consumer Price Index - Medical Care Index (W)	134.2	÷	133.1	=	1.008	X	15%	=	15.1%
SIC Code 12 (C-2,1972)	Average Hourly Earnings - Bituminous Coal & Lignite Mining	16.45	÷	16.13	=	1.020	X	30%	=	30.6%
0543	Industrial Power, 500 KW Demand	109.7	÷	110.3	=	.995	X	10%	=	10.0%
0573-03	#2 Diesel Fuel	61.1	÷	61.2	=	.998	X	5%	=	5.0%
1144-02	Conveying Equipment	106.2	÷	105.7	=	1.005	X	10%	=	10.1%
								100%		100.9%

NOTE: Figures used for illustration purposes only and are not meant to predict actual changes in indices. All indices except the Average Hourly Earnings - Bituminous Coal & Lignite Mining - SIC Code 12 (C-2, 1972) are on a 1982 - 84 = 100 Base

ANNEX P

Computation of Per Ton Adjustment
for Changes in Blending Cost

Section 9.10 (3)
Page 2 of 2

II. Calculation of the Per Ton Adjustment Effective April 1, 1988:

Base Blending Cost Component	$ 1.25
Weighted Percentage Change	X 100.9%
Adjusted Blending Cost Component Effective April 1, 1988	$ 1.26
Less: Base Blending Cost Component	1.25
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10 (3)	.00
Per Ton Adjustment Effective April 1, 1988	$ .01

178

PEABODY COAL COMPANY

ST. LOUIS, MISSOURI
ILLINOIS DIVISION
50 JEROME LANE FAIRVIEW HEIGHTS, ILLINOIS 62232

INVOICE

INVOICE NO: IL- 14123
INVOICE DATE: 04/15/88

OUR ORDER NO	ORDER DATE	YOUR ORDER OR REQUISITION NO
369		40334

SOLD TO

Gulf Power Company
75 North Pace Blvd.
Pensacola, FL 32505

SHIP TO

Gulf Power Company
c/o Ohio River Company for Barge
Shipment to Crist Steam Plant
Pensacola, FL
c/o Mr. William Lyford, Plant Supt.

Peabody Coal Company
Mr. Harry Stump, Asst. VP
Barnett Bank of W. Fla.

TERMS: Net 10 days

SHIPMENT DATE(S)	SHIPMENT NUMBER(S)
04/01-04/15/88	41021, 40122, 40123, 40129, 40132, 40134, 40147, 40137, 40139, 40140, 40141.

X BARGE — RAIL — TRUCK — OTHER

PRODUCT SPECIFICATIONS: KIND SIZE OTHER	QUANTITY BILLED	PRICE DESCRIPTION	PRICE/TON	AMOUNT
Eagle No. 2 - 1½ x 0 W C90	46,000.00	Billing Price	$25.65	$1,179,900.00
		Seller's Trans.	7.68	353,280.00

Semi - Monthly Billing for
Coal Shipped During the Period
04/01 through 04/15/88
Based on 11,900 Guaranteed BTU

TOTAL AMOUNT DUE $1,533,180.00

179

PLEASE PAY FROM THIS INVOICE NO STATEMENTS WILL BE ISSUED

PEABODY COAL COMPANY
ST. LOUIS, MISSOURI
ILLINOIS DIVISION
50 JEROME LANE FAIRVIEW HEIGHTS, ILLINOIS 62232

INVOICE

INVOICE NO: IL- 14150
INVOICE DATE: 05/07/88

OUR ORDER NO	ORDER DATE	YOUR ORDER OR REQUISITION NO
369		40334

SOLD TO
Gulf Power Company
75 North Pace Blvd.
Pensacola, Florida 32505

SHIP TO
Gulf Power Company
c/o Ohio River Company for Barge
Shipment to Crist Steam Plant
Pensacola, Florida
c/o Plant Superintendent

Peabody Coal Company
Mr. Harry Stump, Asst. VP
Barnett Bank of W. Fla.

TERMS: Net 10 days

SHIPMENT DATE(S)	SHIPMENT NUMBER(S)
04/01-04/30/88	

X RAIL — BARGE, TRUCK — OTHER

PRODUCT SPECIFICATIONS, KIND, SIZE, OTHER	QUANTITY BILLED	PRICE DESCRIPTION	PRICE/TON	AMOUNT
Eagle No. 2 - 1½ x 0 W C90	91,700.00			
Calorific Value Adjustment for coal shipped during the period 04/01 through 04/30/88 As Received BTU 12,005 Per Attached Detail				
$91{,}700 \times \frac{12{,}005}{11{,}900} \times (\$25.65 + \$7.68) =$				$3,083,328.89
Less: Semi - Monthly Billing Payments				
04/01/88 - 04/15/88 Shipments				1,533,180.00
04/16/88 - 04/30/88 Shipments				1,523,181.00

180

TOTAL AMOUNT DUE $26,967.89

PLEASE PAY FROM THIS INVOICE NO STATEMENTS WILL BE ISSUED

51-IL

ANNEX R

COAL SAMPLE PREPARATION AND ANALYSIS

PROCEDURES

A. AIR DRYING - LABORATORY SAMPLE

An empty non-corroding pan with sides not more than 1.5 inches high will be weighed to the nearest 0.1 gram and the weight recorded as W_1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) will be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W_2. The coal will be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag will be placed in a air-drying oven at no more than 15°C (27°F) above room temperature, not to exceed 40°C (104°F). The polyethylene bag will be placed next to the pan containing the coal. Air drying will be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air will be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation will be done. The air-dried coal plus polyethylene bag and pan will be weighed to the nearest 0.1 gram and the weight recorded as W_3. Any coal remaining in the sample bag will be removed and added to the sample in the pan. The pan plus the air-dried coal will be weighed to the nearest 0.1 gram

and the weight recorded as W_4. The percent air-drying loss is calculated as follows:

$$\text{Percent Air-Drying Loss} = \frac{W_2 - W_3}{W_2 - [W_1 + (W_3 - W_4)]} \times 100$$

Where: W_1 = Weight of empty pan

W_2 = Weight of the wet coal sample plus bag plus pan

W_3 = Weight of the air-dried coal sample plus bag plus pan

W_4 = Weight of the air-dried coal sample plus pan only

B. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

The entire air-dried sample will be transferred to an enclosed pulverizer (Holmes design or equivalent) and reduced to approximately U.S. No. 60. After the sample is pulverized, the front of the pulverizer will be opened and all sample particles from inside and underneath the pulverizer screens will be brushed into the pulverizer pan.

C. QUANTITY REDUCTION - U.S. No. 60 ANALYSIS SAMPLE

Immediately after pulverizing, the sample will be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams will be passed through a U.S. No. 60 sieve; any oversize retained on the sieve will be reduced with an agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample will be quickly placed in a clean, dry,

air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle will also contain several jack rocks to facilitate mixing. The bottle will then be placed on a mixing wheel and mixed for approximately 20 minutes. This is the analysis sample and is ready for the laboratory determinations.

D. MOISTURE - U.S. NO. 60 ANALYSIS SAMPLE

A porcelain capsule 7/8" in depth and 1-3/4" in diameter which has been previously dried and cooled in a desiccator, will be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W_1. A well-fitting aluminum cover will be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal will be placed in the tared porcelain capsule. The sample and porcelain capsule will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_2. The capsule containing the sample will be dried in a box-type oven with forced-air circulation or other oven meeting the criteria specified in the then current ASTM D-3173. The temperature will be maintained at 107 ± 3°C for one hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. Remove cover and weigh on an analytical balance to the nearest 0.1 milligram. Record

this weight as W_3. The percent moisture in the U.S. No. 60 Analysis Sample is calculated as follows:

$$\text{Percent Moisture in U.S. No. 60 Analysis Sample} = \frac{W_2 - W_3}{W_2 - W_1} \times 100$$

Where: W_1 = Weight of empty porcelain capsule

W_2 = Initial weight of coal sample plus porcelain capsule

W_3 = Final weight of coal sample after drying plus porcelain capsule

E. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

$$\frac{(100 - \text{\% Air Drying Loss}) \times (\text{\% Moisture U.S. No. 60 Sample})}{100} + \text{Air Drying Loss}$$

F. ASH

A porcelain capsule 22 mm in depth and 44 mm in diameter will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_1.

Approximately 1 gram of coal will be placed in the tared porcelain capsule. The sample and porcelain capsule will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_2. The capsule containing the sample will be placed in a cold muffle furnace (means will be provided for maintaining air flow at a rate of two to four air changes per minute moving throughout the furnace) and heated gradually at such a rate that the temperature reaches 450 to 500°C in the first hour, 750°C in the second hour, and held at 750°C for two additional hours. The capsule will be removed from the muffle

furnace and allowed to cool for approximately five minutes. After cooling, the capsule will be placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 30 minutes; then removed and weighed to the nearest 0.1 milligram on an analytical balance. This weight is recorded as W_3. The percent ash is calculated as follows:

$$\text{Percent Ash in Analysis} = \frac{W_3 - W_1}{W_2 - W_1} \times 100$$

Where: W_1 = Weight of empty capsule

W_2 = Weight of analysis sample plus capsule

W_3 = Weight of ash plus capsule

G. VOLATILE MATTER

Volatile matter will be determined by the method in the then current ASTM Designation D-3175.

H. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) will be determined by the method in the then current ASTM D-2015 or D3286.

I. SULFUR

Sulfur will be determined by one of the methods in the then current ASTM Designation D-4239 or D-3177.

J. ASH FUSION TEMPERATURE

The ash fusion temperature will be determined following the concepts specified in the then current ASTM Designation D-1857.

K. GRINDABILITY

Grindability will be determined by the method in the then current ASTM Designation D-409; however, while it is recognized that this ASTM standard specifies a four mesh sample be used, practicality dictates that eight mesh samples will be used since most sampling systems produce an eight mesh product.

L. CALCULATIONS

Calculations of ash, volatile matter, Btu, and sulfur will be made as follows:

$$\text{Dry Basis} = \frac{\text{Uncorrected (As-Determined U.S. No.60 Sample) Results} \times 100}{100 - (\% \text{ Moisture in U.S. No. 60 Analysis Sample})}$$

$$\text{As Received Basis} = \frac{(100 - \% \text{ Total Moisture}) \times (\% \text{ Dry Basis})}{100}$$

M. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

Instrumental analytical alternatives may be used in lieu of techniques and equipment described above. The use of such instrumental methods shall be considered and agreement shall be sought on a case-by-case basis by both parties. Such instrumental methods must have a level of precision and accuracy similar to, or better than, that stated in the then current ASTM method of analysis of the parameter in question.

REVISED - February 1988

ANNEX S

LAWS AND REGULATIONS

Because BUYER has entered into contracts with the United States of America and by doing so has agreed to various federal labor requirements, during the performance of this contract, SELLER agrees as follows:

a) SELLER will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. SELLER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action will include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.

b) SELLER will, in all solicitations or advertisement for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

c) SELLER will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and will post copies of the notice in conspicuous places available to employees and applicants for employment.

d) SELLER will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e) SELLER will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.

f) SELLER will include the provisions of Paragraphs (a) through (g) in every subcontractor or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor

issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontract or vendor.

g) This agreement incorporates by reference all applicable clauses of Title 41 of the Code of Federal Regulations (C. F. R.) Section 60-741, relating to the employment of the handicapped, referencing affirmative action clause provision 060-741.4, 41 C.F.R. Section 60-250 relating to the employment disabled veterans and veterans of the Vietnam era; referencing affirmative action clause provision 60-250.4, and 41 C.F.R. subpart 1-1.1310 relating to utilization of minority business enterprises, according to the applicable conditions thereof.

Gulf Power Company
One Energy Place
Post Office Box 1151
Pensacola FL 32520-0151
Telephone 904 434-8383

Earl B. Parsons, Jr.
Vice President — Electric Operations

March 24, 1988

Mr. Fred C. Raskin
Senior Vice President, Administration
Midland Enterprises, Inc.
1400-580 Building
P.O. Box 1460
Cincinnati, Ohio 45201

Dear Mr. Raskin:

Ref: Fifth Amendment to Transportation Agreement
dated March 1, 1988 ("Amendment")

It is the purpose of this letter to set forth in writing the understandings between Gulf Power Company ("Buyer"), The Ohio River Company and Orgulf Transport Co. (collectively called "Carrier") concerning an interim loading point for blending purposes until Shawneetown Dock has been modified to a blending facility.

Accordingly, the parties have agreed, notwithstanding the provisions of the Amendment, to the following:

1. For convenience, the parties have agreed to use the Base Prices for Shawneetown as the Base Prices for BRT Transfer Terminal until Peabody Coal Company completes certain modifications at its Shawneetown dock for blending purposes, or for a period of fifteen (15) months from the date of the Amendment, whichever period is shorter ("Interim Period"). Because such Base Prices for BRT Transfer Terminal are not reflective of Carrier's actual costs for transportation from such loading point, they shall not be used for calculation of any other Base Prices and shall, after expiration of the aforesaid Interim Period, be void and of no further effect. If Base Prices from such loading point are required in the future, they shall be calculated in the manner provided in Section 7 of Article V of the Transportation Agreement.

2. During the Interim Period, the Base Prices shall be based on an allowance for an average delay of five (5) hours in locking northbound through the Kentucky Lock. Carrier shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock throughout such Interim Period. Commencing July 1, 1988

actual average barge locking hours for the prior six (6) months by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the northbound lock to the other -- from the time that each tow is assigned its turn to lock in a northbound direction or the actual time locking commences in a northbound direction, whichever is earlier, until the time such tow clears the lock on the other side -- divided by the number of barges in service hereunder locked in a northbound direction. To the extent that the actual average barge locking hours at the Kentucky Lock exceeds seven (7) locking hours, Buyer shall pay Carrier one point two cents (1.2¢) per hour for each ton of coal transported hereunder during the six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours so calculated for such six (6) month period divided by the number of barges locked northbound in service hereunder during such six (6) month period exceeds seven (7) locking hours. To the extent that the actual average barge locking hours at the Kentucky Lock is less than the three (3) locking hours as calculated above, Carrier shall pay Buyer one point two cents (1.2¢) per hour for each ton of coal as calculated above. This one point two cent (1.2¢) charge shall not be adjusted during the term of this Agreement. Carrier shall utilize the most efficient means reasonably available from time to time throughout the term of this Agreement to minimize the time actually required to lock its barges in service hereunder through the lock (recognizing that Carrier shall have no obligation to use an alternative route). The determination of the aggregate hours required to lock all of Carrier's barges engaged in service hereunder through the Kentucky Lock northbound, during each six (6) month period for which calculations are to be made, is intended to include only the hours required in waiting to lock and in actually locking such barges through the Kentucky Lock. Accordingly, in all instances in which a tow of barges of which any barge in service hereunder is a part is assigned its turn to lock northbound through the Kentucky Lock while such tow is moored at any point other than at the Kentucky Lock, the transit time of that tow from such mooring point to the Kentucky Lock shall be subtracted in calculating the locking hours, as aforesaid, for each barge in service hereunder contained in such tow.

3. Upon expiration of the Interim Period, the provisions of this letter agreement shall be of no further effect.

4. Except as expressly provided herein, the provisions of the Transportation Agreement shall apply to transportation during the Interim Period.

Sincerely,

GULF POWER COMPANY

BY: Earl B. Parsons Jr.
Earl B. Parsons, Jr.

AGREED:

THE OHIO RIVER COMPANY

BY: Fred C. Bl/c.
Title: Sr VP Admin Asst
Date: March 24, 1988

ORGULF TRANSPORT CO.

BY: Fred C. Bl/c.
Title: Sr VP Admin Asst
Date: March 24, 1988

Gulf Power Company
One Pace Boulevard
Post Office Box 1151
Pensacola FL 32520-1151
Telephone 904 434-8383

Earl B. Parsons, Jr
Vice President — Electric Operations

March 24, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
P. O. Box 14495
St. Louis, MO 63178

Dear Jack:

Gulf Power Company hereby consents that a copy of the executed Coal Supply Agreement between Peabody Coal Company and Gulf Power Company dated as of February 1, 1988, may be disclosed to Orgulf Transport Co., Midland Enterprises, Inc., Eastern Gas and Fuel Associates and the law firm of Ropes and Gray in accordance with the terms of a letter dated March 24, 1988, from you to Mr. Fred C. Raskin of Midland Enterprises, Inc. Gulf Power Company agrees that the price of coal, components thereof, price adjustment formula and Section 6.4 should be deleted from the Coal Supply Agreement prior to its submission to Orgulf Transport Co.

Sincerely,

Earl B. Parsons Jr.

Earl B. Parsons, Jr.

en

192

PEABODY COAL COMPANY
Illinois Division

JOHN C. BENNETT
President

50 Jerome Lane
Fairview Heights, Illinois 62208
(618) 398-7950
Mailing Address
P.O. Box 14495
St. Louis, Missouri 63178

March 24, 1988

Mr. Earl B. Parsons
Vice President of Electric Operations
Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520-1151

Re: Coal Supply Agreement dated as of February 1, 1988 ("Agreement")

Dear Earl:

It is the purpose of this letter to set forth in writing the understandings between Peabody Coal Company ("Peabody") and Gulf Power Company ("Gulf") concerning (1) interim blending arrangements until the modifications to Shawneetown Dock have been completed and (2) shipments from Randolph Complex during 1988 in excess of the proportion provided in Section 6.3 of the Agreement. The parties have agreed to (2) above in consideration for Peabody agreeing to change the base period for price adjustments under Section 9 from October 1, 1987 to January 1, 1988 (excluding the 9.10(2) component) and to set February 1, 1988 as the Effective Date of the Agreement.

Accordingly, Gulf and Peabody have agreed, notwithstanding the provisions of the Agreement, to the following:

1. During the period from February 1, 1988 until Peabody completes modifications to its Shawneetown Dock or for a period of sixteen (16) months from the date hereof, whichever occurs first ("Interim Period"), the term "Blending Point" as defined in Section 2.4 of the Agreement shall also mean any of the following docks: (1) the BRT Transfer Terminal, Inc. ("BRT") Dock at Mile Post 24.8 on the Tennessee River; and (2) the Pyro Mining Company ("Pyro") Dock at Caseyville,

Kentucky at Mile Post 871.3 on the Ohio River. Each of these docks is hereafter referred to as the "Interim Blending Point". During the Interim Period, the terms "Blending Point" and "Outbound Loading Point" shall also refer to the Interim Blending Point.

2. Notwithstanding any provision contained in this letter to the contrary, the Delivered Price per MBTU of coal blended at the Interim Blending Point shall not exceed the Delivered Price per MBTU at Shawneetown Dock as of the date of substitution of the Interim Blending Point for the Shawneetown Dock. The provisions of Section 6.4 regarding transportation cost sharing shall not be applicable to shipments made from an Interim Blending Point during the Interim Period.

3. The parties agree that the blending procedures set forth in Annex A shall be applicable to the Interim Blending Point to the extent practical and consistent with the existing facilities at the Interim Blending Point. If it will be necessary to significantly deviate from the blending procedures in Annex A for the above described reasons, Gulf and Peabody shall review the existing facilities at the Interim Blending Point and mutually agree on appropriate alternate blending procedures.

4. If the BRT Dock is an Interim Blending Point, weighing shall be performed by barge displacement measurements, sampling of the coal shall be performed by employees of a mutually acceptable laboratory or Peabody, at Peabody's option, with BRT's existing coal sampler and the coal sample shall be analyzed by such laboratory. If the sampling of the coal is performed by Peabody employees, such employees shall use the same sampling procedures as would have been utilized by the independent laboratory and the same sampling procedures that were utilized at the BRT Dock during the test shipments in January of 1988. If mutually agreeable to Gulf and Peabody, the parties shall use the existing scale at the BRT Docks in lieu of barge displacement measurements. If the Pyro Dock is an Interim Blending Point, weighing shall be performed by Pyro on its certified belt scales, sampling of the coal shall be performed by employees of Pyro or Peabody, at Peabody's option, with Pyro's

existing coal sampler and the coal sample shall be analyzed by Pyro or Peabody at Peabody's option.

5. Notwithstanding the provisions of Section 6.3 to the contrary, the parties agree that Peabody may ship during calendar year 1988 coal from Source A which contains more than 55% of Randolph Complex coal; provided, however, the proportion of Randolph Complex coal during 1988 shall not exceed sixty percent (60%). A tentative schedule of 1988 deliveries from the Randolph, Federal and Eagle Sources is shown on Exhibit "A" attached hereto and made a part hereof. Peabody shall have the right, from time to time, during 1988, to ship different quantities of coal from these Sources subject to the limitations provided in this letter, except that the monthly quantity of coal from the Randolph Complex shall not exceed the applicable monthly quantity set forth in Exhibit A. Peabody acknowledges that the proportion of Randolph Complex coal may exceed fifty-five percent (55%) only if the blended coal meets the specifications in Section 7 of the Agreement as modified by paragraph 6 below.

6. During calendar year 1988, the parties agree that the following shall be the monthly weighted average Btu specification of coal from Source A and the moisture and Btu rejection limits of coal from Source A on an "as received" basis at the Interim Blending Point for purposes of Gulf's suspension and rejection rights under Sections 8.0 and 8.1 of the Agreement as follows:

	Guaranteed Specifications (Weighted Mo. Avgs)	Rejection Limits (Per Shipment)
Max Moisture (total)	12.0%	13.0%
Min. Btu/lb.	11,800	11,350

The provisions of this paragraph 6 shall only be applicable in any month during 1988 in which Peabody ships coal from Source A which contains more than fifty-five percent (55%) Randolph Complex coal and shall replace the corresponding specifications of Section 7.0.

The foregoing shall not effect the coal quality pricing adjustment provided in Section 11.0 of the Agreement which shall continue to be based on a weighted monthly average of 11,900 Btu/lb.

7. Gulf agrees to conduct a test burn of unblended Federal Complex coal and unblended Equality Mine coal during 1988. The parties shall mutually agree on a schedule of deliveries for these test burns.

8. The provisions of paragraphs 1, 2, 3 and 4 shall only be effective until Peabody completes modifications to its Shawneetown Dock or for a period of sixteen (16) months from February 1, 1988. The provisions of paragraphs 5, 6 and 7 shall only be effective during calendar year 1988.

9. During the Interim Period, the provisions of Section 9.10(1) shall be modified by numerical paragraphs 1 and 4 of that certain letter agreement between Peabody and Orgulf Transport Co. which is attached hereof as Exhibit B and made a part hereof.

10. All terms which are not defined in this letter shall have the meanings ascribed to them in the Agreement.

Except as expressly provided herein, the provisions of the Agreement shall apply to the deliveries of coal during the Interim Period. After December 31, 1988, the original provisions of Sections 6.3, 7.0, 8.0 and 8.1 shall be applicable to Source A. After Peabody completes modifications to its Shawneetown Dock or the expiration of sixteen (16) months from February 1, 1988, whichever occurs first, the original provisions of the Agreement which were effected by paragraphs 1, 2, 3 and 4 herein shall be in full force and effect.

If you are in agreement with the foregoing, kindly indicate your acceptance thereof by signing the

enclosed duplicate of this letter in the space provided below.

Sincerely,

PEABODY COAL COMPANY

By: _____
John C. Bennett
Vice President

AGREED:

GULF POWER COMPANY

By: Earl B. Parsons Jr.

Title: Vice President

Date: 3/24/88

EXHIBIT A

1988 Deliveries (expressed in Tons)

	Eagle No. 2	Federal Complex	Randolph Complex
February	91,000	33,700	33,700
March	91,000	33,700	33,700
April	91,000	36,000	51,100
May	91,000	36,000	51,100
June	91,000	36,000	51,100
July	91,000	36,000	51,100
August	91,000	36,000	51,100
September	91,000	36,000	51,100
October	91,000	36,000	51,100
November	91,000	36,000	51,100
December	91,000	33,700	33,700
TOTAL	1,001,000	389,100	509,900

EXHIBIT B

PEABODY COAL COMPANY
Illinois Division

JOHN C BENNETT
President

50 Jerome Lane
Fairview Heights, Illinois 62208
(618) 398-7950
Mailing Address
P.O. Box 14495
St. Louis, Missouri 63178

March 24, 1988

Mr. Fred C. Raskin
Senior Vice President, Administration
Midland Enterprises, Inc.
1400-580 Building
P. O. Box 1460
Cincinnati, OH 45201

Re: Transportation Agreement dated as of March 1, 1988 ("Agreement")

Dear Mr. Raskin:

It is the purpose of this letter to set forth in writing the understandings between Peabody Coal Company ("Peabody") and Orgulf Transport Co. ("Orgulf") concerning an interim Destination Unloading Point until Shawneetown Dock has been modified to a blending facility.

Accordingly, Orgulf and Peabody have agreed, notwithstanding the provisions of the Agreement, to the following:

1. During the period from March 1, 1988 until Peabody completes modifications to its Shawneetown Dock or for a period of fifteen (15) months from March 1, 1988, whichever occurs first ("Interim Period"), Peabody shall have the following right to use one or more interim Destination Unloading Points. The interim Destination Unloading Point shall be the BRT Kentucky Lake dock facility located at Mile Post 24.8 on the Tennessee River ("BRT Dock") or another blending facility selected by Peabody upon thirty (30) days prior written notice to Orgulf.

2. The Base Rates for the BRT Dock which shall have a base date of January 1, 1988, shall be as follows:

Inbound Loading Point	Interim Destination Unloading Point	Rate For All Tons
Jack's Run, PA to	BRT Dock, Kentucky Lake	$4.90
Glassport, PA to	BRT Dock, Kentucky Lake	$4.97
Mid America Fleet Area to	BRT Dock, Kentucky Lake	$1.80

The parties have agreed to use the Base Rates for Shawneetown Dock as the Base Rates for the BRT Dock. The parties recognize that the above Base Rates may not be reflective of Orgulf's actual costs for such transportation services and are not to be the basis for additional Base Rates under Section 5.2 of the Agreement, nor are they to be used in the event the BRT Dock would be designated by Peabody as a Destination Unloading Point after the Interim Period. The Base Rate for any other interim Destination Unloading Point shall be determined as provided in Section 5.2. The Base Rates in this letter agreement shall be adjusted only as provided in Sections 6.1, 6.2 and 6.3 of the Agreement.

3. For purposes of calculating demurrage under Section 8.0(D) of the Agreement, there shall be the following free time at the BRT Dock: the first 5 barges delivered in a Day shall have 3 free days, the next 5 barges delivered in the same Day shall have 4 free days and the next 5 barges delivered in the same Day shall have 5 free days. There shall be no more than 15 barges on free time at any one time, notwithstanding the number of barges actually at the interim Destination Unloading Point. There shall be no credits applicable to the interim Destination Unloading Point. The maximum fleeting for Orgulf at the BRT Dock shall be 30 barges and the tow size shall be 5 barges minimum and 15 barges maximum, provided that Orgulf may from time to time deliver less than 5 barges. Orgulf shall maintain a separate demurrage account for the interim Destination Unloading Point. The provisions of Section 8.0(D) regarding force majeure, commencement and termination of free time, Sundays and national holidays, calendar quarter settlements and the One Hundred Ten Dollar ($110.00) charge per debit shall be applicable under this paragraph.

200

4. The Base Rates for BRT Dock are based on an allowance for an average delay of five (5) hours in locking Southbound through the Kentucky Lake Lock ("KL Lock"). Orgulf shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock until the end of the Interim Period. Commencing July 1, 1988 and on each January 1 and July 1 thereafter until the end of the Interim Period, Orgulf shall compute the actual average barge locking hours at the KL Lock for the immediately preceding six (6) month period by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the Southbound KL Lock to the other - from the time that each tow is assigned its turn to lock in a Southbound direction or the actual time locking commences in a Southbound direction, whichever is earlier, until the time such tow clears the KL Lock on the other side - divided by the number of barges in service hereunder locked in a Southbound direction.

To the extent that the actual average barge locking hours at the KL Lock exceeds seven (7) locking hours, Peabody shall pay Orgulf one point two cents (1.2¢) per hour for each Ton of coal transported hereunder during the immediately preceding six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours at the KL Lock so calculated for such six (6) month period divided by the number of barges locked Southbound at the KL Lock in service hereunder during such six (6) month period exceeds seven (7) locking hours. To the extent that the actual average barge locking hours at the KL Lock is less than three (3) locking hours as calculated above, Orgulf shall pay to Peabody an amount of one point two cents (1.2¢) per hour for each Ton of coal as calculated above.

This one point two cent (1.2¢) charge shall not be adjusted during the Interim Period. Orgulf shall utilize the most efficient means reasonably available from time to time throughout the Interim Period to minimize the time actually required to lock its barges in service hereunder through the Southbound KL Lock (recognizing that Orgulf shall have no obligation to use alternative routes). The determination of the aggregate hours required to lock all of Orgulf's barges engaged in service hereunder during each six (6) month period is intended to include only the hours

required in waiting to lock and in actually locking such barges through the KL Lock. Accordingly, in all instances in which a tow of barges of which any barge in service hereunder is a part is assigned its turn to lock in a Southbound direction through the KL Lock, while such tow is moored at any point other than at the KL Lock, the transit time of that tow from such mooring point to the KL Lock shall be subtracted in calculating the locking hours for each barge in service hereunder contained in such tow.

5. Upon expiration of the Interim Period, the provisions of this letter agreement shall be of no further effect.

6. Except as expressly provided herein, the provisions of the Agreement shall apply to all transportation during the Interim Period.

Sincerely,

PEABODY COAL COMPANY

By: _____
John C. Bennett

AGREED:

ORGULF TRANSPORT CO.

By: _____

Title: _____

Date: _____

202

FIFTH AMENDMENT TO TRANSPORTATION AGREEMENT

THIS AMENDMENT is made and entered into as of the 1st day of March, 1988, by THE OHIO RIVER COMPANY and ORGULF TRANSPORT CO., West Virginia and Delaware corporations, respectively (hereinafter collectively referred to as "Carrier"), GULF POWER COMPANY, a Maine corporation (hereinafter referred to as "Buyer"), and SOUTHERN COMPANY SERVICES, INC., an Alabama corporation, Agent for Buyer (hereinafter referred to as "Buyer's Agent").

WITNESSETH:

WHEREAS, Carrier, Buyer, and Buyer's Agent (together with Alabama Power Company, an Alabama corporation) entered into a Transportation Agreement dated February 18, 1971 (the "Agreement"), which has been amended by Amendments dated March 1, 1972, May 1, 1974, October 1, 1979, and January 1, 1980; and

WHEREAS, Buyer and Carrier desire to further amend the Agreement to increase the annual tonnage to be transported under the Agreement and to provide lower base transportation rates for certain existing and new loading points in consideration of the additional tonnage and other modifications,

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements of the parties hereto as herein stated,

203

the parties hereby agree to amend the Agreement in the following manner:

1.0 Whenever used in this Amendment to the Agreement between Buyer and Carrier, the following definitions shall be applicable:

A. "Agreement" shall mean the transportation agreement dated as of February 18, 1971, as amended.

B. "Coal Agreement" shall mean that certain coal supply agreement between PCC and Buyer dated February 1, 1988.

C. "Initial Term" shall be the period beginning on January 1, 1972 and ending on January 31, 1998.

D. "Market Adjustment Date" shall mean February 1, 1998 and/or February 1, 2003, as the case may be.

E. "PCC" shall mean Peabody Coal Company, Buyer's coal supplier under the Coal Agreement.

F. "Secondary Term" shall mean the period beginning on February 1, 1998 and ending on December 31, 2007. The Secondary Term is subject to the market adjustment provisions pursuant to Article II, Section 1(b).

2.0 ARTICLE I - TERM of the Agreement is stricken in its entirety and the following is substituted therefor:

> Term. The Initial Term of this Agreement shall be for a period beginning on January 1, 1972 and ending on January 31, 1998. The Secondary Term of this Agreement shall be for a period beginning on February 1, 1998 and, subject to the market adjustment provisions contained in Section 1(b) of Article II hereof, ending on December 31, 2007. In the event, during the Initial Term hereof, PCC fails to deliver coal to Buyer in annual quantities equal to or greater than 1,900,000 tons per year except as provided in Section 6.2 of the Coal Agreement; or during the Secondary Term, PCC fails to deliver coal to be

transported hereunder to Buyer in annual quantities equal to or greater than 1,300,000 tons per year, or in the event the Coal Agreement is terminated for breach or as a result of events of force majeure, this Agreement may be terminated by Buyer, at its option, by giving one (1) month's written notice to Carrier of such termination. In such event, however, for up to 1,900,000 tons per year during the Initial Term and up to the maximum tonnage as then currently in effect during the Secondary Term, Carrier shall have the right of first refusal with respect to the transportation of any domestic sources moving by water on the Mississippi River and/or Ohio River systems during the remaining term of this Agreement, such transportation to be provided under the terms and conditions of this Agreement except that new Base Prices shall be established which shall be comparable in basis and method of computation to the Base Prices then in effect hereunder applicable to the loading point(s) closest to the newly designated loading point(s), taking into account all differences in transportation conditions, including differences in barge movements, in the amount and type of barge equipment and power required and in loading rates and conditions. If the annual quantity transported hereunder falls below 1,500,000 tons, then the Base Prices shall be adjusted retroactively for any such year to correspond to the Base Prices paid by Buyer to Carrier as of the date immediately preceding the date of the Fifth Amendment to this Agreement for delivering coal hereunder from PCC's dock at Shawneetown, Illinois, to Buyer's Crist and Lansing Smith Steam Plants, escalated pursuant to this Agreement.

3.0 ARTICLE II - QUANTITY - LOADING POINTS is hereby amended as follows:

A. Section 1 is amended by striking all language indented and single-spaced on page 3, number 3 of the Third Amendment to the Agreement and substituting the following therefor:

Section 1.

(a) Initial Term. During the Initial Term of this Agreement, the quantity of coal to be furnished by Buyer to Carrier and to be received, transported, and delivered by Carrier for Buyer during each calendar year shall be 1,900,000 tons, except as provided below. Buyer shall have the right to increase the aforesaid annual quantities to be furnished by Buyer

hereunder up to a total of an additional 200,000 tons during any calendar year, provided that Buyer shall give Carrier ninety (90) days' prior written notice of any such increase, and provided further that the annual quantity as so increased shall be delivered by Buyer to Carrier in accordance with Section 1 of Article III of this Agreement. If Buyer's actual burn at its Crist and Smith Plants in any calendar year is less than 1,900,000 tons, the annual quantity of coal transported hereunder may, at Buyer's option, be Buyer's actual burn at these plants, subject to a minimum of 1,750,000 tons. The foregoing provisions of this Section are intended to provide as much flexibility as is reasonable in the annual quantities to be furnished by Buyer to Carrier during the Initial Term of this Agreement permitting a minimum annual quantity of 1,750,000 tons and a maximum annual quantity of 2,100,000 tons, all during the periods, under the terms and at such rates of delivery aforesaid in order to enable Carrier reasonably to fulfill its obligations to receive, transport and deliver Buyer's coal under this Agreement.

(b) Secondary Term. During the Secondary Term of this Agreement, the quantity of coal to be furnished by Buyer to Carrier and to be received, transported and delivered by Carrier for Buyer during each calendar year shall be 1,300,000 tons. Buyer shall have the right to increase the aforesaid annual quantities to be furnished by Buyer hereunder up to a total of an additional 200,000 tons during any calendar year, provided that Buyer shall give Carrier ninety (90) days' prior written notice of any such increase, and provided further that the annual quantity as so increased shall be delivered by Buyer to Carrier in accordance with Section 1 of Article III of this Agreement. The foregoing provisions of this Section are intended to provide as much flexibility as is reasonable in the annual quantity to be furnished by Buyer to Carrier during the Secondary Term of this Agreement permitting a minimum annual quantity of 1,300,000 tons and a maximum annual quantity of 1,500,000 tons, all during the periods, under the terms and at such rates of delivery aforesaid in order to enable Carrier reasonably to fulfill its obligations to receive transport and deliver Buyer's coal under this Agreement.

Notwithstanding the above, the parties agree that upon receipt by either party of written notice from the other not sooner than January 1, 1997 but prior to March 1, 1997 in the case of the first Market Adjustment Date or not sooner than January 1, 2002 but prior to March 1, 2002 in the case of the second

Market Adjustment Date, the parties shall negotiate in good faith to establish a new contract price for delivery of the full 1,900,000 tons.

If the parties do not agree within ninety (90) days of the above written notice, at least one hundred twenty (120) days prior to each Market Adjustment Date, Buyer shall solicit bids and/or negotiate for barge transportation services for the additional 600,000 tons per year to be delivered under the Coal Agreement and/or other supply agreements during the Secondary Term, which shall contain the following terms: (i) provisions similar to this Agreement including the provision for a market price review effective February 1, 2003; (ii) a term coinciding to the remainder of this Agreement; (iii) a minimum quantity per bid of 600,000 tons of coal to be transported annually; and (iv) each bidder will warrant and demonstrate to Buyer that it can furnish the barge transportation services provided in its proposal. At least sixty (60) days prior to the Market Adjustment Date, Buyer shall give Carrier written notice which shall contain the rates and all other terms and conditions from bona fide offers that are acceptable to Buyer (regardless of whether the rates contained in such offers are higher or lower than the rates then in effect under this Agreement) and offered by reputable providers of barge transportation. Carrier shall have thirty (30) days from receipt of Buyer's notice to advise Buyer in writing whether it will elect to transport the coal for Buyer on the terms stated in Buyer's notice or whether it desires to continue this Agreement without the additional 600,000 tons offered in the notice. If Carrier fails to notify Buyer of its election or Carrier notifies Buyer that Carrier desires to continue this Agreement but without the additional tonnage, this Agreement shall continue on the Market Adjustment Date as to the 1,300,000 tons provided in this Paragraph (b), according to the rate specified in the last sentence of Section 1 of Article V, and neither party shall have any further rights or obligations under this Agreement as to the additional 600,000 tons. If the parties agree on a contract price for the 1,900,000 tons or the Carrier elects to transport the additional 600,000 tons on the terms and conditions stated in the notice, combined with the 1,300,000 tons at the rate specified in the last sentence of Section 1, Article V hereof, the provisions of Paragraph (a) above relative to quantity shall govern.

(c) Extension of Terms. To the extent that the term of the Coal Agreement is extended to allow PCC to

> supply Deferred Tonnage, as the term is defined in the Coal Agreement, the term of this Agreement shall be extended, at Carrier's option, by a period corresponding to the extension of the Coal Agreement. The tonnage to be transported by Carrier during such extension shall be the tonnage supplied by PCC under the Coal Agreement during such extension.

B. Section 1 is further amended by inserting in the sixth line of the last paragraph on page 5 of the Agreement, after the word "whatsoever," the following words: "other than fault of the Buyer or its coal suppliers."

C. Section 1 is further amended by adding the following to the end of Section 1:

> Buyer acknowledges that, for blended coal only, Carrier's ability to deliver coal as required in this Section may be affected by the rate of delivery of coal under the transportation agreement Carrier has with PCC, that equipment used by Carrier under that agreement with PCC will, in turn, be used under this Agreement once the coal is reloaded after blending, and that Carrier will be required to use no other equipment for the delivery of blended coal under this Agreement. Carrier recognizes that emergencies may arise occasionally in which Buyer may request additional equipment, and Carrier agrees to make reasonable efforts, consistent with its other commitments, to accommodate any such request.

4.0 Buyer hereby designates Jack's Run, located at Mile Post 3.6 on the Ohio River, and Glassport Transportation Center, Inc., located at Mile Post 18.9 on the Monongahela River, as additional loading points under Section 3 of ARTICLE II and Carrier hereby waives the 30 days notice requirement for such designation.

5.0 ARTICLE III - DELIVERY is hereby amended as follows:

A. Section 2 is amended by modifying the last two sentences as follows:

Buyer and its coal supplier(s) or its coal supplier(s)' contractor(s) shall have the right, but shall not be obligated, to refuse to load any barges it considers unseaworthy or any barges containing foreign matter. Carrier agrees to comply with the reasonable docking procedures specified by Buyer's coal supplier(s) or Buyer's coal supplier(s)' contractor(s).

B. Section 3 is amended by adding after the word "barges" in line eleven (11) the words "while in route or". In addition, the following language shall be added to the end of Section 3:

> At the request of either party, the parties shall meet to discuss in good faith the resolution of any problems resulting from an accumulation of barges.

6.0 With respect to the last two sentences of ARTICLE IV, it is agreed that Carrier shall make reasonable efforts to continue use of the high coaming barges currently in service under the Agreement until they are no longer fit for service, but that Carrier shall have no obligation to replace such barges with high coaming barges.

7.0 ARTICLE V - PRICE is hereby amended as follows:

A. Section 1 is hereby deleted and the following is substituted therefor:

> Section 1. Except as provided in Article I, and unless and until they are revised as provided below, the Base Prices to be paid by Buyer to Carrier for receiving, transporting and delivering coal hereunder during the Initial Term shall be as follows:
>
> (a) From PCC's dock at Shawneetown, Illinois, to
> Crist Steam Plant.....$7.53 per ton
> Lansing Smith Steam Plant.....$8.11 per ton
>
> (b) From Glassport Transportation Center, Inc. to
> Crist Steam Plant.....$12.93 per ton
> Lansing Smith Steam Plant...$13.51 per ton
>
> (c) From Jack's Run to
> Crist Steam Plant.....$12.86 per ton
> Lansing Smith Steam Plant...$13.44 per ton

209

It is understood that Carrier shall continue to revise the Base Prices which were in effect as of the date immediately preceding the date of the Fifth Amendment to this Agreement in accordance with Sections 2, 4, 6, and 7 of this Article V (as amended by said Fifth Amendment). The Base Prices contained in this Section shall be revised by taking the percentage increase or decrease in the Base Prices in effect prior to the Fifth Amendment and applying such percentage to the Base Prices contained herein. Whether or not Carrier elects to exercise its option to provide barge service to Buyer for the additional tonnage after the Market Adjustment Date as provided in Section 1(b) of Article II, the Base Prices for the first 1,300,000 tons shall be adjusted to correspond to the Base Price paid by Buyer to Carrier as of the date immediately preceding the date of the Fifth Amendment to this Agreement for delivering coal hereunder from PCC's dock at Shawneetown, Illinois to Buyer's Crist and Lansing Smith Steam Plants, escalated pursuant to this Agreement.

B. Section 4 is amended by deleting the language in Section 4 in Amendment 3 and replacing such language with the following:

From and after January 1, 1988, the portion of Carrier's price deemed to be comprised of costs for such items listed above shall be sixty-two percent (62%). If on July 1, 1988 and at the end of each succeeding period of six calendar months through December 31, 1989, the Producer Price Index for all commodities published by the United States Bureau of Labor Statistics (hereinafter called "Producer Price Index for all commodities") for the most recent month then available is higher or lower than the Producer Price Index for all commodities for the month of December, 1987 ("First Reference Index"), the Base Prices shall be increased or decreased by sixty-two percent (62%) of the percentage by which such Producer Price Index for all commodities shall have increased or decreased from the First Reference Index multiplied by the adjusted Base Prices in effect under this Agreement as of January 1, 1988. Such adjustment so calculated (in the case of the first adjustment), or the difference between the adjustment so calculated and the immediately preceding adjustment so calculated (in the case of the second and succeeding adjustments), shall be added to or subtracted from the last adjusted Base Prices and shall be applicable to all tons transported hereunder during the subsequent six month period.

From and after January 1, 1990, the portion of Carrier's price deemed to be comprised of costs for such items listed above shall be seventy-two percent (72%). If, on July 1, 1990 and at the end of each succeeding period of six (6) calendar months, the Producer Price Index for all commodities for the most recent month then available is higher or lower than the Producer Price Index for all commodities used in adjusting the Base Prices as of January 1, 1990 ("Second Reference Index"), the Base Prices shall be increased or decreased by seventy-two percent (72%) of the percentage by which such Producer Price Index for all commodities shall have increased or decreased from the Second Reference Index multiplied by the adjusted Base Prices in effect under this Agreement as of January 1, 1990. Such adjustment so calculated (in the case of the first adjustment), or the difference between the adjustment so calculated and the immediately preceding adjustment so calculated (in the case of the second and succeeding adjustments), shall be added to or subtracted from the last adjusted Base Price and shall be applicable to all tons transported hereunder during the subsequent six (6) month period."

C. Section 6 is hereby deleted.

D. A new Section 8 is hereby added as follows:

Section 8. The Base Prices from Glassport and Jack's Run are based on an allowance for an average delay of six (6) hours in locking through the Gallipolis, Ohio Lock. Carrier shall maintain accurate logs of the times actually required to lock its barges in service hereunder through such lock throughout the term of this Agreement. Commencing July 1, 1988, and on each January 1 and July 1 thereafter, Carrier shall compute the actual average barge locking hours for the prior six (6) months by determining the aggregate hours required to lock its barges engaged in service hereunder from one side of the Gallipolis Lock to the other--from the time that each tow is assigned its turn to lock in either direction or the actual time locking commences in either direction, whichever is earlier, until the time such tow clears the lock on the other side--divided by the number of barges in service hereunder locked in either direction. To the extent that the actual average barge locking hours at the Gallipolis Lock exceeds nine (9) locking hours, Buyer shall pay Carrier one point two cents (1.2¢) per hour for each Ton of coal transported hereunder during the six (6) month period for which the aforesaid computation shall have been made for each hour by which the actual aggregate locking hours so calculated

for such six (6) month period divided by the number of barges locked either way in service hereunder during such six (6) month period exceeds nine (9) locking hours. To the extent that the actual average barge locking hours at the Gallipolis Lock is less than three (3) locking hours as calculated above, Carrier shall pay Buyer one point two cents (1.2¢) per hour for each Ton of coal as calculated above. This one point two cents (1.2¢) charge shall not be adjusted during the term of this Agreement. Carrier shall utilize the most efficient means reasonably available from time to time throughout the term of this Agreement to minimize the time actually required to lock its barges in service hereunder through the lock. The determination of the aggregate hours required to lock all of Carrier's barges engaged in service hereunder through the Gallipolis Lock during each six (6) month period for which calculations are to be made, is intended to include only the hours required in waiting to lock and in actually locking such barges through the Gallipolis Lock. Accordingly, in all instances in which a tow of barges of which any barge in service hereunder is a part is assigned its turn to lock through the Gallipolis Lock while such tow is moored at any point other than at the Gallipolis Lock, the transit time of that tow from such mooring point to the Gallipolis Lock shall be subtracted in calculating the locking hours, as aforesaid, for each barge in service hereunder contained in such tow.

If the Gallipolis Lock is hereafter modified to a standard size lock on the Ohio River, the provisions of this Section 8 shall be of no further effect and neither party shall thereafter pay any lock charges to the other.

8.0 ARTICLE VI - MISCELLANEOUS is hereby amended as follows:

A. The paragraph added to Section 2 by Amendment 3, number 5 is hereby modified to read in its entirety as follows:

For the purpose of this Section, the parties recognize that, with respect to coal to be purchased from PCC, governing weights for payment by Buyer to PCC shall, under normal circumstances, be the weights of such coal as determined by PCC or PCC's contractor at the loading points.

B. Section 3, Records and Audits, is hereby amended by adding the Gallipolis Lock to all references to the Industrial Lock.

C. Section 5, Force Majeure, is hereby amended by adding "blending" after the word "transloading" in the ninth line of the second paragraph. In addition, the following shall be added to the end of Section 5:

> It is understood that, if the event of force majeure causes an inability to blend all or a portion of the coal to be delivered hereunder, such force majeure shall apply only to the extent that Buyer is unable to obtain substitute coal (blended or unblended) from PCC or another supplier by barge on the Ohio or Mississippi Rivers, or their tributaries.

D. A new Section 16 is hereby added as follows:

> Section 16. Third Party Actions. Buyer acknowledges that a dispute between Buyer and PCC arising under the Coal Agreement may have a direct impact on the rights and liabilities of Carrier under this Agreement and/or that certain Transportation Agreement dated February 1, 1988, between Carrier and PCC (the "Inbound Barge Transportation Agreement"). Buyer further acknowledges that, pursuant to Section 26.0 of the Inbound Barge Transportation Agreement, Carrier has the option in any dispute involving Section 9.10(1) of the Coal Agreement to prosecute or defend legal proceedings in PCC's name but for the benefit of Carrier. Under said Section 26.0, Carrier agrees that, in any such action it will, if legally permissible, bring or defend such action in its own name. Buyer agrees that in any such action it will not object or defend such action on the basis of Carrier's being an improper party to prosecute or defend such action.

10.0 Except as hereinabove expressly amended, the Agreement shall be and remain in full force and effect as written.

213

11.0 Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be effective March 1, 1988, but duly executed by their respective corporate officers hereunto duly authorized, on the 24th day of March, 1988.

CARRIER:
THE OHIO RIVER COMPANY

BY: Fred C Bell

Attest:
Secretary

ORGULF TRANSPORT CO.

BY: Fred C Bell

Attest:
Secretary

BUYER:
GULF POWER COMPANY

BY: Earl B. Parsons Jr.

Attest:
Bonnie B Sprinkle

BUYER'S AGENT
SOUTHERN COMPANY SERVICES, INC.

BY_____

Attest:

_____

214

11.0 Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be effective March 1, 1988, but duly executed by their respective corporate officers hereunto duly authorized, on the 24th day of March, 1988.

CARRIER:
THE OHIO RIVER COMPANY

Attest:

BY: _____

_____

ORGULF TRANSPORT CO.

Attest:

BY: _____

_____

BUYER:
GULF POWER COMPANY

Attest:

BY: _____

_____

BUYER'S AGENT
SOUTHERN COMPANY SERVICES, INC.

Attest:

BY _____

_____

215

Peabody

PEABODY DEVELOPMENT COMPANY

File in Contract File

RLES W BOLLIER
District Vice President Sales

1951 Barret Court
P.O. Box 1649
Henderson, Kentucky 42420
(502) 827-0800

September 25, 1989

Mr. James F. Billingsley
Manager-Contract Administration
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Dear Jim:

Re: 1989 Gulf Power Shipment Deferred to 1990

The purpose of this letter is to document our recent telephone conversation where Peabody requested the right to defer some coal shipments in the last quarter of 1989 to 1990.

Per our conversation, Peabody requested and Southern Services, on behalf of Gulf Power, accepted the request to defer the shipment of 100,000 tons of contracted tonnage in 1989 to 1990. This 100,000 tons will be distributed throughout the year in approximate equal monthly shipments. This action will increase the monthly average required from 158,333 to 166,666 tons.

For billing purposes, we agreed to use the contract price effective October 1, 1989 and bill the first 100,000 tons shipped in 1990 at the October 1989 price.

Peabody appreciates your consideration and cooperation in this matter. If I can be of further assistance, please feel free to give me a call.

Very truly yours,

CW Bollier

Charles W. Bollier
District Vice President - Sales

CWB/ks

cc: T. S. Hilton
W. D. Reno
G. P. Vandiver

RECEIVED
SEP 26 1989
Southern Company Services, Inc.
FUEL DEPT.

216

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services

The Southern Electric System

February 7, 1990

Mr. M. L. Gilchrist
Gulf Power Company
Pensacola, Florida

Dear Lane:

Enclosed are three copies of a letter agreement providing for testing of washed Federal #2 coal, and deferral of some of Peabody's 1989 tonnage commitment until 1990. Please note that we have amended Page 2 of the original draft letter agreement to read, "It is anticipated that the Federal shipments hereunder will be made during February through April 1990." This modification was caused by equipment problems and particulate testing at Crist Unit No. 7, and has been accepted by Peabody.

If you concur with these terms, please have the appropriate person at Gulf sign each copy of the letter agreement and return two copies to me for distribution. Let me know if further information or clarification is needed.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

cc: R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
rsmlg

217

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

Gulf Power
the southern electric system

February 26, 1990

Mr. Richard Simon
Southern Company Services
P.O. Box 2625
Birmingham, Alabama 35202

Dear Rick:

Re: Peabody Coal Company Letter Agreement for Test Coal

Enclosed are two signed copies of the letter agreement for the Federal No. 2 washed coal test and the deferred 1989 tonnage. Please distribute the copies as necessary.

Sincerely,

M. Lane Gilchrist
Manager of Fuel and Environmental Affairs

dr

Enclosures (2)

218

Internal
Correspondence

Gulf Power

February 26, 1990

Peabody Coal Company Letter Agreement for Test Coal

M. L. Gilchrist

E. B. Parsons, Jr.

Attached, recommended for your approval, are three copies of a letter agreement with Peabody for the testing of Federal No. 2 fully washed coal and the deferral schedule of 1989 tonnage into 1990.

The terms for delivering the test coal are the same as previous tests, and result in the test coal costing slightly less than the contract price.

dr

Attachment

Southern Company Serv inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services

January 18, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Mr. Earl B. Parsons, Jr.
Vice President - Power Generation & Transmission
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

1. Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1990 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

220

Peabody shall ship 30 barges or approximately 48,000 tons of 100% washed coal from Federal No. 2 Mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that the Federal shipments hereunder will be made during February through April 1990. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

2. Peabody and Gulf agree that 154,310 tons of coal which was to be shipped as a portion of the 1989 tonnage commitment under the February 1, 1988 Agreement shall be

deferred until 1990. For billing purposes, the billing price effective October 1, 1989 shall be applied to the 154,310 tons of deferred 1989 tonnage to be shipped in 1990, and with these tons being the first shipped under the contract in 1990. As an objective, Peabody and Gulf agree to use good faith efforts for the delivery of the 154,310 tons of deferred 1989 tonnage and the 1990 contract commitment of 1,900,000 tons according to the following schedule.

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990	154,310	15,690	170,000
February 1990		170,000	170,000
March 1990		170,000	170,000
April 1990		180,000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
	154,310	1,900,000	2,054,310

This provision supersedes the September 25, 1989 acknowledgement of the deferral of 100,000 tons of the 1989 tonnage commitment.

3. All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

222

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

GULF POWER COMPANY	PEABODY COAL COMPANY
By: Earl B. Parsons Jr.	By: [illegible]
Title: Vice President Power Generation & Transmission	Title: Vice President
Date: February 26, 1990	Date: 1-16-90

cc: Gulf Power Company
M. L. Gilchrist
Southern Company Services, Inc.
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
peabagr

Internal
Correspondence

F-203.2

Gulf Power

Date: February 26, 1990

Re: Peabody Coal Company Letter Agreement for Test Coal

From: M. L. Gilchrist

To: E. B. Parsons, Jr.

Attached, recommended for your approval, are three copies of a letter agreement with Peabody for the testing of Federal No. 2 fully washed coal and the deferral schedule of 1989 tonnage into 1990.

The terms for delivering the test coal are the same as previous tests, and result in the test coal costing slightly less than the contract price.

dr

Attachment

James Gilchrist

224

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

Gulf Power
the southern electric system

February 26, 1990

Mr. Richard Simon
Southern Company Services
P.O. Box 2625
Birmingham, Alabama 35202

Dear Rick:

Re: Peabody Coal Company Letter Agreement for Test Coal

Enclosed are two signed copies of the letter agreement for the Federal No. 2 washed coal test and the deferred 1989 tonnage. Please distribute the copies as necessary.

Sincerely,

M. Lane Gilchrist
Manager of Fuel and Environmental Affairs

dr

Enclosures (2)

225

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

February 7, 1990

Mr. M. L. Gilchrist
Gulf Power Company
Pensacola, Florida

Dear Lane:

Enclosed are three copies of a letter agreement providing for testing of washed Federal #2 coal, and deferral of some of Peabody's 1989 tonnage commitment until 1990. Please note that we have amended Page 2 of the original draft letter agreement to read, "It is anticipated that the Federal shipments hereunder will be made during February through April 1990." This modification was caused by equipment problems and particulate testing at Crist Unit No. 7, and has been accepted by Peabody.

If you concur with these terms, please have the appropriate person at Gulf sign each copy of the letter agreement and return two copies to me for distribution. Let me know if further information or clarification is needed.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

cc: R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
rsmlg

226

Southern Company Services, Inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

January 18, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Mr. Earl B. Parsons, Jr.
Vice President - Power Generation & Transmission
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

1. Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1990 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

227

Peabody shall ship 30 barges or approximately 48,000 tons of 100% washed coal from Federal No. 2 Mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that the Federal shipments hereunder will be made during February through April 1990. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

2. Peabody and Gulf agree that 154,310 tons of coal which was to be shipped as a portion of the 1989 tonnage commitment under the February 1, 1988 Agreement shall be

deferred until 1990. For billing purposes, the billing price effective October 1, 1989 shall be applied to the 154,310 tons of deferred 1989 tonnage to be shipped in 1990, and with these tons being the first shipped under the contract in 1990. As an objective, Peabody and Gulf agree to use good faith efforts for the delivery of the 154,310 tons of deferred 1989 tonnage and the 1990 contract commitment of 1,900,000 tons according to the following schedule.

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990	154,310	15,690	170,000
February 1990		170,000	170,000
March 1990		170,000	170,000
April 1990		180,000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
	154,310	1,900,000	2,054,310

This provision supersedes the September 25, 1989 acknowledgement of the deferral of 100,000 tons of the 1989 tonnage commitment.

3. All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

229

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

GULF POWER COMPANY	PEABODY COAL COMPANY
By: Earl B. Parsons Jr.	By: Wayne D. Penn (Attorney)
Title: Vice President Power Generation & Transmission	Title: Vice President
Date: February 26, 1990	Date: 1-30-90

cc: Gulf Power Company
M. L. Gilchrist
Southern Company Services, Inc.
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
peabagr

Southern Company Services
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

~~Shell~~
File—
203.2

Southern Company Services
the southern electric system

January 18, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Dear Charlie:

Enclosed are three executable copies of a letter agreement regarding deferral of 1989 tonnage and addressing a test burn of Federal No. 2 coal. If you concur with these terms, please have these copies signed, and return them to me for approval by Gulf Power Company. Thank you for working with us regarding this matter.

Sincerely,

Richard Simon

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

cc: Gulf Power Company
[redacted]
Southern Company Services
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf

231

Southern Company Services, Inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

January 18, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Mr. Earl B. Parsons, Jr.
Vice President - Power Generation & Transmission
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

1. Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1990 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

232

Peabody shall ship 30 barges or approximately 48,000 tons of 100% washed coal from Federal No. 2 Mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that the Federal shipments hereunder will be made during February 1990. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

2. Peabody and Gulf agree that 154,310 tons of coal which was to be shipped as a portion of the 1989 tonnage commitment under the February 1, 1988 Agreement shall be

deferred until 1990. For billing purposes, the billing price effective October 1, 1989 shall be applied to the 154,310 tons of deferred 1989 tonnage to be shipped in 1990, and with these tons being the first shipped under the contract in 1990. As an objective, Peabody and Gulf agree to use good faith efforts for the delivery of the 154,310 tons of deferred 1989 tonnage and the 1990 contract commitment of 1,900,000 tons according to the following schedule.

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990	154,310	15,690	170,000
February 1990		170,000	170,000
March 1990		170,000	170,000
April 1990		180,000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
	154,310	1,900,000	2,054,310

This provision supersedes the September 25, 1989 acknowledgement of the deferral of 100,000 tons of the 1989 tonnage commitment.

3. All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

GULF POWER COMPANY	PEABODY COAL COMPANY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

cc: Gulf Power Company
M. L. Gilchrist
Southern Company Services, Inc.
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
peabagr

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

20.3.2

Southern Company Services

February 28, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Dear Charlie:

Enclosed is a fully executed copy of the letter agreement related to the test shipment of coal from Federal No. 2 coal and the deferral of 1989 tonnage under the Peabody/Gulf Agreement. Thank you for working with us regarding this matter.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

cc: Gulf Power Company
[redacted]
Southern Company Services
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-Gulf

236

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

January 18, 1990

Mr. Charles W. Bollier
District Vice President - Sales
Peabody Development Company
1951 Barrett Court
Post Office Box 1649
Henderson, Kentucky 42420

Mr. Earl B. Parsons, Jr.
Vice President - Power Generation & Transmission
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

1. Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1990 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

237

Peabody shall ship 30 barges or approximately 48,000 tons of 100% washed coal from Federal No. 2 Mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that the Federal shipments hereunder will be made during February through April 1990. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

2. Peabody and Gulf agree that 154,310 tons of coal which was to be shipped as a portion of the 1989 tonnage commitment under the February 1, 1988 Agreement shall be

deferred until 1990. For billing purposes, the billing price effective October 1, 1989 shall be applied to the 154,310 tons of deferred 1989 tonnage to be shipped in 1990, and with these tons being the first shipped under the contract in 1990. As an objective, Peabody and Gulf agree to use good faith efforts for the delivery of the 154,310 tons of deferred 1989 tonnage and the 1990 contract commitment of 1,900,000 tons according to the following schedule.

	1989 Deferred Tonnage	1990 Commitment	Total
January 1990	154,310	15,690	170,000
February 1990		170,000	170,000
March 1990		170,000	170,000
April 1990		180,000	180,000
May 1990		180,000	180,000
June 1990		170,000	170,000
July 1990		170,000	170,000
August 1990		170,000	170,000
September 1990		170,000	170,000
October 1990		170,000	170,000
November 1990		170,000	170,000
December 1990		164,310	164,310
	154,310	1,900,000	2,054,310

This provision supersedes the September 25, 1989 acknowledgement of the deferral of 100,000 tons of the 1989 tonnage commitment.

3. All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

/amr

GULF POWER COMPANY	PEABODY COAL COMPANY
By: Earl B. Parsons Jr.	By:
Title: Vice President Power Generation & Transmission	Title:
Date: February 26, 1990	Date:

cc: Gulf Power Company
M. L. Gilchrist
Southern Company Services, Inc.
R. G. Dawson
J. F. Billingsley
M. H. Filkins
J. E. McIntosh
D. J. Putman
K. Zachar

FILE: LEG 1-8-1-Gulf
peabagr

Southern Company Services, Inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

2 0 3 2

Southern Company Services
the southern electric system

James F. Billingsley
Manager
Fuel Supply Department

March 16, 1989

Mr. Wayne D. Reno
Vice President - Sales
Peabody Development Company
1951 Barrett Court
P. O. Box 1649
Henderson, KY 42420

Mr. Earl B. Parsons, Jr.
Vice President - Electric Operations
Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1989 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall initially ship 18 barges of 100% washed coal from Federal No. 2 Mine. If this test burn is successful, a minimum of 12 and a maximum of 50 additional barges may be required to complete the evaluation. All testing of the 100% washed Federal No. 2 coal will be completed in 1989. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock,

Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

The average analyses of these 18 barges together with additional test burn shipments as may be necessary to evaluate this coal, shall be used as the basis for establishing new guaranteed and rejection limits in Section 7.0 of the February 1, 1988 Agreement for this source provided such test shipments result in the approval of washed Federal No. 2 Mine coal being approved as a source under the Agreement.

It is anticipated that the initial Federal shipment hereunder will be made during March/April 1989. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

If 100% washed Federal No. 2 coal is approved by Gulf as an approved source, Peabody Coal Company agrees to a moratorium on further coal testing under the Agreement until 1992.

All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Your very truly,

J. P. Billingsley

Gulf Power Company	Peabody Coal Company
By: Earl B. Parsons Jr.	By:
Title: VICE PRESIDENT	Title: Vice President-Sales
Date: March 29, 1989	Date: March 12, 1989

/kw

cc: Gulf Power Company
M. L. Gilchrist
M. W. Howell
G. O. Layman
E. B. Parsons

Southern Company Services, Inc.
D. M. Ratcliffe
W. T. Henshaw
M. H. Filkins
C. N. Logan
J. E. McIntosh
R. Simon
M. A. Wolfe

File: LEG 1-8-1
jfbAgree

D.R.
F

Southern Company Services, Inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

James F. Billingsley
Manager
Fuel Supply Department

Southern Company Services
the southern electric system

Pealody Test Burn

March 16, 1989

Mr. M. L. Gilchrist
Gulf Power Company
P. O. Box 1151
Pensacola, Florida

Dear Lane:

Enclosed are three copies of the Letter Agreement to test burn Federal No. 2 100% washed coal at your Gulf Plants.

Please have these copies executed for Gulf Power Company and return them to me.

I have asked Wayne Reno to give me a loading date for the first 18 barges to be tested. I will contact you when the loading date is set.

Sincerely,

Jim

J. F. Billingsley

/kw

Enclosures

cc: Gulf Power Company
E. B. Parsons
M. W. Howell
~~L. Hargrove~~
G. O. Layman

Southern Company Services, Inc.
D. M. Ratcliffe
C. N. Logan
R. Simon
M. A. Wolfe
K. Zachar

jfbcover

244

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

James F. Billingsley
Manager
Fuel Supply Department

March 16, 1989

Mr. Wayne D. Reno
Vice President - Sales
Peabody Development Company
1951 Barrett Court
P. O. Box 1649
Henderson, KY 42420

Mr. Earl B. Parsons, Jr.
Vice President - Electric Operations
Gulf Power Company
500 Bayfront Parkway
P. O. Box 1151
Pensacola, FL 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

Peabody and Gulf have recognized the potential benefits to both parties of test burning of 100% washed Federal No. 2 coal. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1989 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement, and under no circumstances will the cost of the test coal herein in $/MMBtu f.o.b. Plants Crist and Smith exceed the current cost in $MMBtu to Gulf for the Randolph and Federal No. 2 blend to these plants. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall initially ship 18 barges of 100% washed coal from Federal No. 2 Mine. If this test burn is successful, a minimum of 12 and a maximum of 50 additional barges may be required to complete the evaluation. All testing of the 100% washed Federal No. 2 coal will be completed in 1989. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock,

Pennsylvania. The price paid to Peabody shall be unescalated except for the calorific value adjustment based upon 12,700 Btu/lb. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal No. 2 Mine unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "mechanically cleaned" coal and will produce a US No. 8 Sieve final product. Four 1000-gram splits will be prepared from each train using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits per train will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. The other two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

The average analyses of these 18 barges together with additional test burn shipments as may be necessary to evaluate this coal, shall be used as the basis for establishing new guaranteed and rejection limits in Section 7.0 of the February 1, 1988 Agreement for this source provided such test shipments result in the approval of washed Federal No. 2 Mine coal being approved as a source under the Agreement.

It is anticipated that the initial Federal shipment hereunder will be made during March/April 1989. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

If 100% washed Federal No. 2 coal is approved by Gulf as an approved source, Peabody Coal Company agrees to a moratorium on further coal testing under the Agreement until 1992.

All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Your very truly,

J. F. Billingsley

Gulf Power Company	Peabody Coal Company
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

/kw

cc: Gulf Power Company
M. L. Gilchrist
M. W. Howell
G. O. Layman
E. B. Parsons

Southern Company Services, Inc.
D. M. Ratcliffe
W. T. Henshaw
M. H. Filkins
C. N. Logan
J. E. McIntosh
R. Simon
M. A. Wolfe

File: LEG 1-8-1
jfbAgree

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

Gulf Power
the southern electric system

September 13, 1988

Mr. Kevin C. Burns
Peabody Development Company
P.O. Box 21
St. Louis, Missouri 63166

Dear Kevin,

Enclosed for Peabody Coal Company's files is an original copy of the Letter Agreement dated August 15, 1988 concerning the test coal. The letter was signed August 25, 1988 by E. B. Parsons, Jr. for Gulf Power Company.

If you have any questions give me a call at (904) 444-6236.

Sincerely,

M. Lane Gilchrist

dr

Attachment

cc: Mr. J. F. Billingsley

248

Interoffice
Correspondence

Power

August 17, 1988

Letter Agreement Between Gulf Power and Peabody Coal Company

M. L. Gilchrist

Mr. E. B. Parsons, Jr.

Attached, recommended for your approval, is a letter agreement between the Company and Peabody Coal Company concerning the test coal from Federal No. 2 and Equality Mines. The letter fixes the weighing, sampling, price, and quality adjustments necessary to handle the test coal. The price will not exceed the current contract price and none of our rights under the February 1, 1988 agreement are changed.

SCS compiled the original draft and subsequent changes have only involved coal quantity and quality. Mr. Ed Holland has reviewed and approved the letter agreement as presented. SCS recommends approval and the agreement has already been signed by Peabody.

dr

cc: Southern Company Services
Mr. J. F. Billingsley
Gulf Power Company
Mr. G. O. Layman
Mr. M. W. Howell
Mr. G. E. Holland

249

PEABODY DEVELOPMENT COMPANY

KEVIN C. BURNS
Vice President - Sales

50 Jerome Lane
Fairview Heights, Illinois 62208
(618) 398-7950
Mailing Address
P.O. Box 21
St. Louis, Missouri 63166

August 15, 1988

Mr. M. Lane Gilchrist
Manager Interchange and Fuel Supply
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520

Dear Lane:

Attached please find the Letter Agreement relating to the agreement between Peabody Coal Company and Gulf Power Company for the sale and purchase of coal, dated February 1, 1988, for execution.

Kindly retain one original for your files and return the other to my attention.

Thank you for your cooperation in this matter.

Very truly yours,

Kevin C Burns

Kevin C. Burns

cam
Attachment

250

PEABODY COAL COMPANY
Illinois Division

JOHN C. BENNETT
President

50 Jerome Lane
Fairview Heights, Illinois 62208
(618) 398-7950
Mailing Address
P.O. Box 14495
St. Louis, Missouri 63178

August 15, 1988

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall ship twenty-four barges of unblended run-of-mine coal from Federal No. 2 mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 12,700 Btu/lb., for the total shipments from Federal hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE -

Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal Mine No. 2 unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "raw" coal and will produce a US No. 8 final product. Four 1000 gram splits will be prepared from the final sample using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. Two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the Februay 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

Peabody shall ship twenty-four barges of unblended, washed coal from Equality Mine. The price of such coal shall be $33.60 per ton f.o.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/lb, which shall be calculated on the total shipments from Equality hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Equality shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights and samples of coal shipped shall be taken at Shawneetown Dock, using methods and procedures currently utilized for Eagle II shipments, at Peabody's expense. The same analysis as specified for Federal test shipments shall be required for Equality test shipments, except that the analysis shall be performed by Commercial Testing and Engineering - Henderson, Kentucky. Reports of all analysis will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that Federal Shipments hereunder will be made, as an objective, at the end of the week of August 14. It is anticipated that Equality shipments hereunder will be made, as an objective, at the end of the week of October 2. Peabody and Gulf will use their best efforts to schedule and load such barges on or near these dates.

All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the space provided.

Sincerely,

John C. Bennett
President

cam

GULF POWER COMPANY

By: Earl B Parsons Jr.
Vice President -
Title: Electric Operations Services

Date: August 25, 1988

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

Gulf Power
the southern electric system

July 8, 1988

Mr. M. H. Filkins
Fuel Supply Department
Southern Company Services
P.O. Box 2625
Birmingham, Alabama 35202

Dear Mark,

Attached you will find two fully executed copies of the letter agreement pertaining to the audit extension that was proposed to Peabody Coal Company.

Sincerely,

C. L. Hargrove

C. L. Hargrove
Supervisor of Fuel Supply

Southern Company Services Inc.
Post Office Box 2625
Birmingham, Alabama 352C
Telephone 205 870-6011

Southern Company Services
the southern electric system

May 26, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
50 Jerome Lane
Fairview Heights, IL 62208

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
75 N. Pace Boulevard
Pensacola, FL 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE TERMINATION AND RELEASE AGREEMENT OF CERTAIN EAGLE NO. 2 MINE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988

Item 3 (Post-Termination Obligations) of the above agreement provides that Gulf and Southern complete their review and audit of certain price adjustments not later than September 15, 1988 for coal shipped during the period January 1, 1986 thru February 1, 1988. Further, Gulf agreed to complete its review and audit of certain lump sum adjustments for 1987 coal royalty recalculation and 1987 "SMCRA" lump sum adjustment by December 31, 1988.

In order to more efficiently schedule and administer Gulf's review and audit task, the parties agree to a ten week extension to the September 15, 1988 date. This extension should permit both review and audit tasks mentioned above to be completed as one effort thereby minimizing the time required by both parties.

All other provisions of this agreement remain unchanged.

255

Please indicate your concurrence with this letter agreement by signing and dating in the spaces provided.

Sincerely,

Mark H. Filkins
Supervisor, Contract Administration
Fuel Supply Department

For Gulf Power Company

By: Earl B. Parsons Jr.
Vice President-
Title: Electric Operations

Date: July 6, 1988

For Peabody Coal Company

By: John C Bennett

Title: President Illinois Division

Date: June 21, 1988

bbs

File: LEG 1-8-GU

jcbebp

Southern Company Services.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

D.R.E
5

Southern Company Services
the southern electric system

January 5, 1989

Mr. Lane Gilchrist
Gulf Power Company
Pensacola, Florida

Dear Mr. Gilchrist

Enclosed for your files is a fully executed copy of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs for changes in the RCAF factor.

We appreciate your help in this matter. If you have any questions, please contact me.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers
Contract Analyst
Fuel Supply Department

/amr

Attachment

cc: Gulf Power Company
G. O. Layman
C. L. Hargrove
Southern Company Services, Inc.
D. M. Ratcliffe
J. F. Billingsley
M. H. Filkins
F. G. Robertson - w/att.

FILE: LEG 1-8-1-GU

257

Southern Company Services.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

October 19, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
Post Office Box 21
St. Louis, Missouri 63166

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
75 North Pace Boulevard
Pensacola, Florida 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988 AS AMENDED (HEREINAFTER "THE AGREEMENT")

It is the intent of the parties of the Agreement to make the following revisions to the Agreement:

1. To revise Section 9.10(2) - Other Transportation Costs to utilize the Forecasted Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission in lieu of the Final Rail Cost Adjustment Factor as published by the Interstate Commerce Commission in calculating price adjustments.

2. To adjust the Base Rail Cost Adjustment Factor utilized in the Agreement to reflect the revision of the Rail Cost Adjustment Factor by the Interstate Commerce Commission. This revision was effective with the first quarter, 1988 and conforms with the Staggers Rail Act of 1980.

Section 9.10(2) of the above referenced Agreement covers Other Transportation Costs. Price adjustments for Other Transportation Costs under this section are based in part on percentage changes in the Final Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission. It has been determined that the intent of both parties

during negotiations was not to utilize the Final RCAF as published by the Interstate Commerce Commission but rather to use the Forecasted RCAF as published by the Interstate Commerce Commission. Therefore, the parties mutually agree to utilize the Forecasted RCAF as published quarterly by the Interstate Commerce Commission for adjustment purposes. It should be noted that the Base RCAF of 1.087 as stated in Annex O of the Agreement is the Forecasted RCAF for the third quarter, 1987.

Furthermore, effective with the first quarter, 1988 RCAF, the Interstate Commerce Commission revised the RCAF to comply with a provision of the Staggers Rail Act of 1980 (49 U.S.C. 10707 a (2) (B). For this first quarter, 1988, the Interstate Commerce Commission published both the original RCAF and the revised RCAF. These factors for the first quarter, 1988 are as follows:

Original	Revised
1.122	1.027

To avoid unfair advantage to either party due to this revision in the RCAF, the parties mutually agree to adjust the Base RCAF of 1.087 stated in the Agreement to produce an equivalent calculation using the revised RCAF.

To compensate for the effect of substituting the revised RCAF, we recommend that the Base RCAF of 1.087 used in the Agreement be restated in accordance with the following formula:

1. The original RCAF increased 3.2% from third quarter, 1987 to first quarter, 1988.

   Third Quarter, 1987 = 1.087 (Base in Coal Supply Agreement)

   First Quarter, 1988 = 1.122 (Original figure)

   $$\frac{1.122}{1.087} = 1.032$$

2. By dividing the revised RCAF for first quarter 1988 of 1.027 by 1.032, a revised Base RCAF for third quarter, 1987 of .995 can be obtained.

$$\frac{1.027}{1.032} = .995$$

Therefore, the revised Base RCAF for third quarter, 1987 to be used in calculating adjustments under this Section 9.10(2) is .995.

In accordance with the above, the appropriate Adjusted Other Transportation Cost Component effective April 1, 1988 will remain $3.16 per ton.

An example of the computation of price adjustments pursuant to Section 9.10(2) is attached as Revised Annex O.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this Letter Agreement by signing in the spaces provided below.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers
Contract Analyst
Fuel Supply Department

amr

Accepted: John C Bennett
For Peabody Coal Company

BAB

Accepted: Earl B. Parsons Jr.
For Gulf Power Company

260

REVISED
ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)
Page 1 of 2

(For a Per Ton Adjustment Effective April 1, 1988)

I. Calculation of Weighted Percentage Change:

Index	Current* Index		Base** Index		Percentage Change		Index Weight		Weighted Percentage Change
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)	114.7	÷	113.3	=	1.012	x	6%	=	6.1%
Forecasted Rail Cost Adjustment Factor (RCAF)	1.027	÷	.995	=	1.032	x	92%	=	94.9%
057 Petroleum Products, Refined	52.9	÷	61.6		.859	x	2%	=	1.7%
							100%		102.7%

NOTE: Figures used for illustration purposes only and are not meant to predict actual changes in indices.

* CPI-W and Petroleum Products, Refined as of February 1988 (1982 - 84 = 100). Forecasted RCAF as of the 1st Quarter of 1988.

** CPI-W and Petroluem Products, Refined as of August 1987 (1982 - 84 = 100). Forecasted RCAF as of the 3rd Quarter of 1987.

REVISED
ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)
Page 2 of 2

II. Calculation of the Per Ton Adjustment Effective April 1, 1988:

Base Other Transportation Cost Component	$3.08
Weighted Percentage Change	x 102.7%
Adjusted Other Transportation Cost Component	$3.16
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	.02
Per Ton Adjustment Effective April 1, 1988	$ .06

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 3520x
Telephone 205 870-6011

F

Southern Company Services
the southern electric system

December 21, 1988

Mr. W. J. Barbieri, Director
Contract Administration
Peabody Coal Company
1951 Barrett Court
Post Office Box 1990
Henderson, Kentucky 42420

Dear Mr. Barbieri:

Enclosed for Peabody's signature are three execution copies of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs to use the Forecasted Rail Cost Adjustment Factor (RCAF) rather than the Final RCAF. The Letter Agreement also adjusts the Base RCAF utilized in the Agreement to reflect the revision made to the RCAF by the Interstate Commerce Commission to conform with the Staggers Rail Act of 1980.

Please have all three copies of this Letter Agreement executed on behalf of Peabody Coal, keeping one copy for your files and returning two to us.

I appreciate your help in resolving this matter. If you have any questions, please contact me.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers
Contract Analyst
Fuel Supply Department

Enclosures

cc: Gulf Power Company
G. O. Layman
M. L. Gilchrist
C. L. Hargrove
Southern Company Services, Inc.
D. M. Ratcliffe
J. F. Billingsley
M. H. Filkins
F. G. Robertson - w/enc.

File: FNS 1-8-1-GU

263

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35
Telephone 205 870-6011

Southern Company Services
the southern electric system

October 19, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
Post Office Box 21
St. Louis, Missouri 63166

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
75 North Pace Boulevard
Pensacola, Florida 32505

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GULF POWER COMPANY (PURCHASER) AND PEABODY COAL COMPANY (SELLER) DATED FEBRUARY 1, 1988 AS AMENDED (HEREINAFTER "THE AGREEMENT")

It is the intent of the parties of the Agreement to make the following revisions to the Agreement:

1. To revise Section 9.10(2) - Other Transportation Costs to utilize the Forecasted Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission in lieu of the Final Rail Cost Adjustment Factor as published by the Interstate Commerce Commission in calculating price adjustments.

2. To adjust the Base Rail Cost Adjustment Factor utilized in the Agreement to reflect the revision of the Rail Cost Adjustment Factor by the Interstate Commerce Commission. This revision was effective with the first quarter, 1988 and conforms with the Staggers Rail Act of 1980.

Section 9.10(2) of the above referenced Agreement covers Other Transportation Costs. Price adjustments for Other Transportation Costs under this section are based in part on percentage changes in the Final Rail Cost Adjustment Factor (RCAF) as published by the Interstate Commerce Commission. It has been determined that the intent of both parties

during negotiations was not to utilize the Final RCAF published by the Interstate Commerce Commission but ra to use the Forecasted RCAF as published by the Inters Commerce Commission. Therefore, the parties mutually a to utilize the Forecasted RCAF as published quarterly by Interstate Commerce Commission for adjustment purposes. should be noted that the Base RCAF of 1.087 as state Annex O of the Agreement is the Forecasted RCAF for third quarter, 1987.

Furthermore, effective with the first quarter, 1988 R the Interstate Commerce Commission revised the RCAF comply with a provision of the Staggers Rail Act of 1980 U.S.C. 10707 a (2) (B). For this first quarter, 1988, Interstate Commerce Commission published both the orig RCAF and the revised RCAF. These factors for the f quarter, 1988 are as follows:

Original	Revised
1.122	1.027

To avoid unfair advantage to either party due to revision in the RCAF, the parties mutually agree to ad the Base RCAF of 1.087 stated in the Agreement to produc equivalent calculation using the revised RCAF.

To compensate for the effect of substituting the rev RCAF, we recommend that the Base RCAF of 1.087 used ir Agreement be restated in accordance with the follc formula:

1. The original RCAF increased 3.2% from third quarter, 1987 to first quarter, 1988.

   Third Quarter, 1987 = 1.087 (Base in Coal Supply Agreement)

   First Quarter, 1988 = 1.122 (Original figure)

$$\frac{1.122}{1.087} = 1.032$$

2. By dividing the revised RCAF for first quarter 19 1.027 by 1.032, a revised Base RCAF for third quar 1987 of .995 can be obtained.

$$\frac{1.027}{1.032} = .995$$

Therefore, the revised Base RCAF for third quarter, 1987 to be used in calculating adjustments under this Section 9.10(2) is .995.

In accordance with the above, the appropriate Adjusted Other Transportation Cost Component effective April 1, 1988 will remain $3.16 per ton.

An example of the computation of price adjustments pursuant to Section 9.10(2) is attached as Revised Annex O.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this Letter Agreement by signing in the spaces provided below.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers
Contract Analyst
Fuel Supply Department

amr

Accepted: _____
For Peabody Coal Company

Accepted: Earl B. Parsons Jr.
For Gulf Power Company

2 Ldo

REVISED
ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)

(For a Per Ton Adjustment Effective April 1, 1988)

I. Calculation of Weighted Percentage Change:

Index	Current* Index		Base** Index		Percentage Change		Index Weight		Weighted Percentage Change
Consumer Price Index, All Items, Urban Wage Earner & Clerical Workers (CPI-W)	114.7	-	113.3	=	1.012	x	6%	=	6.1%
Forecasted Rail Cost Adjustment Factor (RCAF)	1.027	-	.995	=	1.032	x	92%	=	94.9%
057 Petroleum Products, Refined	52.9		61.6		.859	x	2%	=	1.7%
							100%		102.7%

NOTE: Figures used for illustration purposes only and are not meant to predict actual changes in indices.

* CPI-W and Petroleum Products, Refined as of February 1988 (1982 - 84 = 100). Forecasted RCAF as of the 1st Quarter of 1988.

** CPI-W and Petroluem Products, Refined as of August 1987 (1982 - 84 = 100). Forecasted RCAF as of the 3rd Quarter of 1987.

REVISED
ANNEX O

COMPUTATION OF
PER TON ADJUSTMENT FOR
CHANGES IN OTHER TRANSPORTATION COST

SECTION 9.10(2)

II. Calculation of the Per Ton Adjustment Effective April 1, 1988:

Base Other Transportation Cost Component	$3.08
Weighted Percentage Change	x 102.7%
Adjusted Other Transportation Cost Component	$3.16
Less: Base Other Transportation Cost Component	3.08
Less: Previous Per Ton Adjustments Pursuant to this Section 9.10(2)	.02
Per Ton Adjustment Effective April 1, 1988	$ .06

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

1 =

Southern Company Services
the southern electric system

October 21, 1988

Mr. Lane Gilchrist
Gulf Power Company

Dear Mr. Gilchrist

Enclosed for Gulf Power's signature are three execution copies of the October 19, 1988 Letter Agreement between Peabody Coal Company and Gulf Power Company. This Letter Agreement revises Section 9.10(2) - Other Transportation Costs to use the Forecasted Rail Cost Adjustment Factor (RCAF) rather than the Final RCAF. The Letter Agreement also adjusts the Base RCAF utilized in the Agreement to reflect the revision made to the RCAF by the Interstate Commerce Commission to conform with the Staggers Rail Act of 1980.

In order to incorporate these revisions into the Coal Supply Agreement we recommend that Gulf Power Company sign the attached Letter Agreements and return all three copies to us. We will transmit them to Peabody for signature.

For your information, I have incorporated the comments you gave me last week. If you have any further questions or comments, please feel free to contact me.

Sincerely,

Sue Ellen Summers

Sue Ellen Summers
Contract Analyst
Fuel Supply Department

/amr

Attachment

cc: Gulf Power Company
G. O. Layman
C. L. Hargrove
Southern Company Services, Inc.
D. M. Ratcliffe
J. F. Billingsley
M. H. Filkins
F. G. Robertson

FILE: LEG 1-8-1-GU

269

Power

October 26, 1988

Letter Agreement between Peabody and Gulf

M. Lane Gilchrist
Manager of Fuels and Interchange

Mr. G. E. Holland
Beggs and Lane

Enclosed is a copy of a proposed Letter Agreement between Peabody Coal and Gulf Power Company concerning a revision to Section 9.10(2) of the Coal Supply Agreement. Please review the Agreement and give me your opinion concerning its approval. The proposed revision is explained in the Agreement, however, if you need additional information, please give me a call.

dr

cc: Mr. G. O. Layman
Mr. M. W. Howell

270

AUG 25 '88 10:06 SCS FIELD SERVICES

Peabody Grant

8.25.88

Federal - $31.00 @ 12700 BTU = $1.221 mm BTU
Barge To Cist 12.71 (transport)
$43.71 $1.721 mm BTU

Equality - $33.60 @ 11900 BTU = $1.412 mm BTU
Barge To Cist 7.40 (shawneetown)
$41.00 $1.723 mm BTU

Contract:
$33.65 @ 11900 BTU = $1.414 mm BTU
7.40 - Barge To Cist
$41.05 $1.725 mm BTU

12 Barges Federal - { Smith / Cist

12 Barges Equality - { ? Smith / ? Cist

Test shipment
Federal at new coal ? yes
Weighing & sampling - special instructions re
Price guaranteed & fixed -
BTU guarantee - 12700 Federal; 11900 Equality
Does not set precedent for pricing in future

AUG 25 '88 10:07 SCS FL SERVICES
Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

F-

Southern Company Services
the southern electric system

August 8, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
50 Jerome Lane
Fairview Heights, Illinois 62208

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall be as outlined below, notwithstanding any provision to the contrary in the February 1, 1988 Agreement. The pricing arrangements shall not establish a precedent for the pricing of shipments other than those shipped hereunder. Gulf expressly reserves its rights under Section 6.3 of the February 1, 1988 Agreement.

Peabody shall ship twenty-four barges of coal from Federal No. 2 mine. Such barges shall contain approximately 90% raw coal and 10% washed coal, and shall be blended by adding the washed product to the raw product throughout the loading

process. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 12,700 Btu/lb., for the total shipments from Federal hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, with such draft surveying to be performed by Commercial Testing and Engineering - Charleston, West Virginia. ("CTE - Charleston"), at Peabody's expense. Coal shipped from Federal shall be sampled at the Federal Mine No. 2 unit train loading facility using the Hebden, Schilbe, and Smith three stage sampling system, at Peabody's expense. The sampling system shall be operated in accordance with ASTM D2234 and D2013 for "raw" coal and will produce a US No. 8 final product. Four 1000 gram splits will be prepared from the final sample using an enclosed riffle and following procedures specified in ASTM D2013. Two sample splits will be sent to CTE-Charleston for proximate, ultimate, ash mineral, ash fusion (reducing), sulfur forms and percent dry loss on ignition analyses and Hardgrove Grindability Index, at Peabody's expense. Two splits will be held by Peabody for 30 days as reserve samples. Reports of all analyses and barge drafting data will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

Peabody shall ship twenty-four barges of unblended, washed coal from Equality Mine. The price of such coal shall be $33.60 per ton f.o.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/lb, which shall be calculated on the total shipments from Equality hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Equality shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights and samples of coal shipped shall be taken at Shawneetown Dock, using methods and procedures currently utilized for Eagle II shipments, at Peabody's expense. The same analysis as specified for Federal test shipments shall be required for Equality test shipments, except that the analysis shall be performed by Commercial Testing and Engineering - Henderson, Kentucky. Reports of

all analysis will be forwarded directly to Gulf Power Company and Southern Company Services, Inc. Governing analysis for quality specifications in the February 1, 1988 Agreement shall continue to be performed pursuant to Section 12.0 of that Agreement.

It is anticipated that Federal shipments hereunder will be made, as an objective, at the end of the week of August 14. It is anticipated that Equality shipments hereunder will be made, as an objective, at the end of the week of October 2. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Sincerely,

Richard Simon, Supervisor
Contract Performance
Fuel Supply Department

amr

GULF POWER COMPANY	PEABODY COAL COMPANY
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

FILE: LEG 1-8-1

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama [illegible]2
Telephone 205 870-601[illegible]

Southern Company Services
the southern electric system

August 5, 1988

Mr. John C. Bennett
President, Illinois Division
Peabody Coal Company
50 Jerome Lane
Fairview Heights, Illinois 62208

Mr. Earl B. Parsons, Jr.
Vice President, Electric Operations
Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, Florida 32520-1151

Gentlemen:

LETTER AGREEMENT RELATING TO THE AGREEMENT BETWEEN PEABODY COAL COMPANY AND GULF POWER COMPANY FOR THE SALE AND PURCHASE OF COAL DATED FEBRUARY 1, 1988

Peabody and Gulf have recognized the benefits to both parties through the test burning of coal of unblended Federal No. 2 coal and unblended Equality coal during 1988. This letter agreement represents the understandings of both Peabody and Gulf for such test shipments. All coal shipped pursuant to this letter agreement shall apply against Peabody's 1988 tonnage commitment under the February 1, 1988 Agreement, and the terms of the Agreement shall apply to shipments hereunder unless otherwise specified in this letter agreement. Pricing arrangements under this letter agreement shall not establish a precedent for the pricing of shipments other than those shipped hereunder.

Peabody shall ship twelve barges of unblended run-of-mine coal from Federal No. 2 mine. The price of such coal shall be $31.00 per ton, f.o.b. barge at Glassport Dock, Pennsylvania. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 12,700 Btu/lb., for the total shipments from Federal hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Federal shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights of coal shipped shall be calculated by draft surveying the barges at Glassport Dock, using methods and

275

AUG 05 '88 08:32 SCS FUEL SERVICES

procedures acceptable to Peabody and Gulf, at Peabody's expense. Coal shipped from Federal shall be sampled at Federal Mine No. 2, using methods acceptable to Peabody and Gulf, at Peabody's expense.

Peabody shall ship twelve barges of unblended, washed coal from Equality Mine. The price of such coal shall be $33.60 per ton f.o.b. barge at Shawneetown Dock, Illinois. The price paid to Peabody shall be unescalated except for calorific value adjustments based upon 11,900 Btu/lb, which shall be calculated on the total shipments from Equality hereunder. All other specifications of Section 7.0 of the February 1, 1988 Agreement shall apply to the Equality shipments, with guaranteed specifications applicable to the total of all Federal shipments hereunder. The cost of barge transportation to Gulf's generating plants shall be borne by Gulf. Weights and samples of coal shipped shall be taken at Shawneetown Dock, using methods and procedures acceptable to Peabody and Gulf, at Peabody's expense.

It is anticipated that shipments hereunder will be made, as an objective, at the end of the week of August 7. Peabody and Gulf will use their best efforts to schedule and load such barges on or near this date.

All other provisions of the February 1, 1988 Agreement remain unchanged.

If you concur in these statements, please sign and date this letter agreement in the spaces provided.

Sincerely,

Richard Simon, Supervisor
Contract Performance
Fuel Supply Department

amr

GULF POWER COMPANY

By: _____

Title: _____

Date: _____

PEABODY COAL COMPANY

By: _____

Title: _____

Date: _____

FILE: LEG 1-8-1

276

AUG 05 '88 08:33 SCS FUEL SERVICES

F-203.9

FUEL SERVICES
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

FIRM	POWER COMPANY
Peabody Coal Company St. Louis Place 200 North Broadway St. Louis, MO 63102	Gulf Power Company
	CHANGE ORDER NUMBER 2
	PURCHASE ORDER NUMBER C-87-002378
	REQUISITION NUMBER 41428

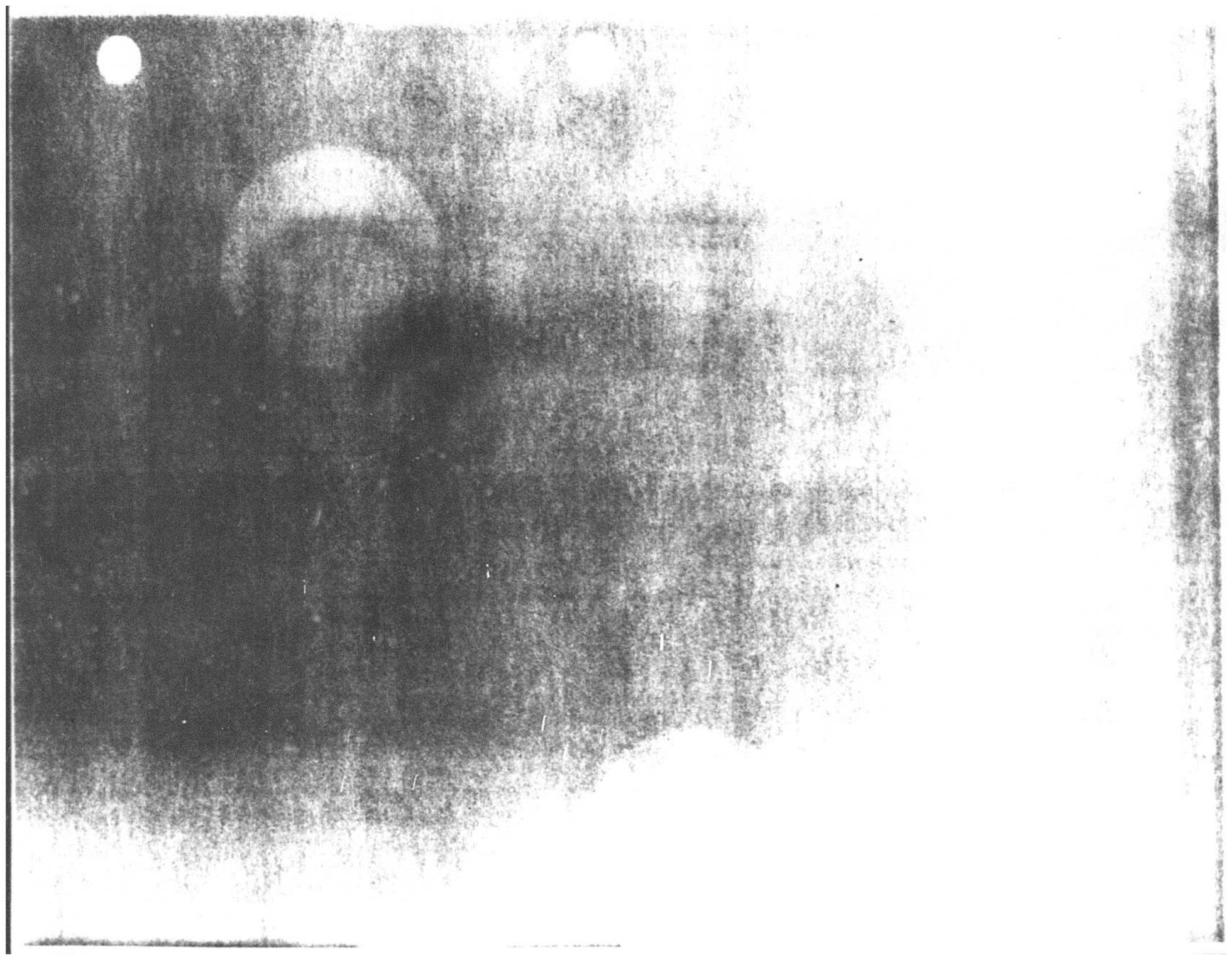
PLEASE MAKE THE FOLLOWING CHANGES TO THE ABOVE REFERENCED REQUISITION OR PURCHASE ORDER

Effective immediately, cancel this order (if the account balance has been cleared).

PREPARED BY T D Stowell	APPROVED Richard Lewis
DATE 4/26/88	APPROVED

Form No. 9 - 1568

277



F-209.2
Amendment

THIRD AMENDMENT TO THE AGREEMENT FOR THE SALE AND PURCHASE OF COAL

THIS AMENDMENT is made and entered into as of this 30th day of October 1987, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "Purchaser") and SHELL MINING COMPANY, a corporation organized and existing under the laws of the State of Delaware with its principal office in Houston, Texas and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia with its principal office in Naugatuck, West Virginia (severally, collectively and jointly referred to as "Seller").

W I T N E S S E T H:

WHEREAS, Purchaser and Seller have previously entered into an Agreement for the Sale and Purchase of Coal dated March 31, 1977 as previously Amended (hereinafter the "Agreement").

WHEREAS, the Purchaser and Seller desire to modify and amend the Agreement as hereinafter provided.

278

NOW, THEREFORE, in consideration of the previous covenants and the mutual covenants hereinafter set forth, Seller and Purchaser hereby agree to modify and amend the Agreement in the following respects:

I. Purchaser and Seller agree that the Billing Price for shipments during the period December 1, 1986 through October 30, 1987 will be $53.49 per ton f.o.b. railroad car subject only to audit adjustments resulting from Purchaser's audit of Seller's records and accounts. Seller agrees to return in one lump sum to Purchaser all monies due from the Internal Revenue Service related to moisture reduction of Black Lung Excise payments from January 1, 1984 through October 30, 1987. This lump sum adjustment due Purchaser shall be increased by 13.85% arising from payments made by Purchaser for royalties, business and occupation tax, and West Virginia severance tax, provided that Seller can recover monies associated with the 13.85% from its leaseholders and the state of West Virginia.

Section 4 of the Agreement is amended by deleting Sections 4.01 through 4.09 in their entirety and inserting in lieu thereof the following:

4.01 Base Price Per Ton of Coal. Effective as of the date first specified herein, the Base Price per ton of coal (as specified in Section 9.01 hereof) is $37.47 for each ton shipped, (effective for adjustment

279

purposes October 1, 1987) f.o.b. railroad car at the loading facilities near Kermit, West Virginia. It is understood that the Base Price includes any washing or other processing or quality control work at the mines necessary to meet the quality specifications hereof, any royalties which Seller must pay on the Coal Property, any commission, fee or other charge payable to any agent or broker by Seller on account of this Agreement, and other items as set forth below. The Base Price shall be adjusted from time to time in accordance with the provisions in Sections 4.02 through 4.07. The Base Price is further subject to the calorific and other adjustments provided for in this Agreement. "Ton" shall mean a ton of two thousand pounds avoirdupois weight.

4.02 Adjustments - General. The Base Price per ton of coal, as provided in Section 4.01, is made up of components as set forth in Annex G. The Base Price is subject to adjustment as provided in Section 4.03 through Section 4.07 and is subject to the procedures set forth in Section 4.09. Such Base Price as adjusted is hereinafter referred to as the "Billing Price".

Adjustments made in computing the Billing Price shall be made to the nearest cent per ton. No dispute concerning Billing Price adjustments shall in any way relieve either party of its respective obligations of

performance under this Agreement at tne then current Billing Price.

4.03 Adjustments for Changes in Wages and Benefits. The Wages and Benefits component of the Base Price as of October 1, 1987, is $11.60 per ton and will remain so throughout the term of this Agreement. This component includes both the wages and benefits of those workers engaged in the production, preparation and shipping of coal, and the wages and salaries of the supervisory, engineering and administrative personnel, as well as related items, including hours worked, overtime, working practices, rates for workman's compensation and other forms of compulsory insurance, social security, unemployment taxes, and including other Benefits in the form of payments or reserves for medical insurance, disability life insurance, dental plans, and death benefits or retirement benefits.

The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1984 (UMWA Agreement), as such agreement may be amended or superceded, even though Seller may not be a signatory party to such agreement. Adjustments to the Base Price for changes in Wages and Benefits shall be made in the following manner.

Purchaser and Seller agree for purposes of this Agreement that as of October 1, 1987 the Average Daily Wage Rate is $202.17, as computed in Annex H.

The average Daily Wage Rate consists of three Daily Wage Rate Elements:

1. The Wages Element includes the average of UMWA wages for underground workers at deep mines and cost of non-working days. The Wages Element of the Average Daily Wage Rate shall be changed whenever any amendments, including additions and deletions, are made pursuant to the union labor contract which change the UMWA Agreement wage rates or days worked.

2. The Payroll and Other Labor-Related Taxes Element includes Social Security, State and Federal Unemployment Taxes, Workers Compensation, and contributions to state black lung funds. Rates of those taxes which are based upon Seller's actual experience shall be adjusted on January 1 of each calendar year. If there is a change in the rate of taxes which are not based on Seller's actual experience, the rates of such taxes shall be adjusted when effective.

3. The Other Benefit Cost Element includes other medical and insurance benefits costs not specifically enumerated above. Adjustments shall be made in the Average Daily Wage Rate on April 1 and October 1 of each year to reflect changes occurring after October 1, 1987 in the Other Benefit Cost Element. Regardless of Seller's actual changes in the cost of employee benefits, adjustments to the Other Benefit Cost Element of the Average Daily Wage Rate shall be based on changes in the index number of the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI-W), for Medical Care Services as of the months of February and August of each year (the second month preceding the April 1 and October 1, adjustment date) during the term of this Agreement. The percentage change in said index from the level of such index as of August 1987, hereinafter called the "Base Index Number", which is 501.7, shall be determined as of such months and multiplied by $22.50, such amount being the agreed cost per man-day amount for the Other Benefit Costs Element of the Average Daily Wage Rate effective October 1, 1987 as illustrated in Annex H. In the event of unavailability of said index, adjustments of the Other Benefit Costs Component of the Average Daily Wage Rate shall be computed by mutual agreement.

Each time there is a change in the Average Daily Wage Rate, Seller shall compute the increase or decrease in the Average Daily Wage Rate using the procedures and format set forth in Annex H. The decimal equivalent of the percentage of said increase or decrease shall be multiplied by $11.60 and the resulting amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.03 as illustrated in Annex H.

4.04 Adjustment for Changes in Government Imposition. The term "government imposition," as used in this Agreement, means taxes or fees imposed by any government or governmental agency upon the production, preparation, or sale of coal hereunder, costs arising from any governmental law, rule or regulation, and administrative interpretations or implementations of such rules and regulations, affecting the production, preparation or sale of coal hereunder, including ad valorem taxes on land, improvements, machinery, and equipment. The term does not include impositions such as federal or state income taxes which are not levied upon the production, preparation or sale of coal hereunder, or any employer's Social Security or unemployment taxes which are provided for in Section 4.03.

The Base Price stated in Section 4.01 includes all costs of compliance by Seller with the Federal Coal Mine Health and Safety Act of 1969, the Black Lung Benefits Revenue Act of 1977, and the Surface Mining Control and Reclamation Act of 1977, as now enacted, as now amended, and as now interpreted in regulations of the government enforcing authority, and all costs of compliance with any other mine regulatory statutes, administrative regulations and rulings, and local ordinances in effect October 1, 1987.

The Base Price, effective October 1, 1987, includes $0.96/ton for Federal Black Lung Excise Tax, $.20/ton for Federal Reclamation Fee, and $.01 per ton for West Virginia State Reclamation Fee. The Federal Black Lung Excise Tax and Federal Reclamation Fee are based upon a mix of 75% underground production and 25% surface production, as illustrated in Annex C. For the purpose of determining these taxes, the percentage of underground and surface production shall not be changed unless the actual percentage of underground production at the Coal Property in a calendar quarter is less than 70% or more than 80% of total production. If in any calendar quarter the actual percentage of underground production at the Coal Property is less than 70% or more than 80% of

285

total production, the Federal Black Lung Excise Tax and Federal Reclamation Fee computation for the following calendar quarter shall be based upon the actual percentages of underground and surface production.

No price adjustment shall be made under this Section for costs occasioned by any such statutes, regulations, and the like in effect on October 1, 1987. Adjustments shall be made, however, for changes in costs occasioned by amendments to such statutes, administrative regulations, rulings, and administrative interpretations or implementations of such regulations and rulings, and local ordinances, now in being, as well as for costs of compliance with requirements of entirely new regulatory statutes, regulations, and the like, which are enacted or promulgated after October 1, 1987; and such adjustments also shall be made for changes in costs occasioned by compliance with final judgements, orders or decrees issued by any court of law, equity or administrative agency, which reflect new and different interpretations and implementations of law, and which are directed specifically toward and are binding upon the mine or Seller's operation of the mine (but "change in costs" shall not include any civil or criminal money fine or penalty imposed as the result of failure to comply with any statute,

administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, local ordinance, or judgment, order or decree of any court unless Purchaser shall have specifically authorized the incurring of such fine or penalty).

In the event and whenever after the date hereof, any federal or state statute, administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, or local ordinance or amendment thereto removes, increases or decreases any governmental imposition, or imposes a new burden, and Seller has given Purchaser prompt written notice thereof, then during the period beginning twelve (12) months prior to such notice and during which such imposition, removal, increase or decrease is in effect, an adjustment to the Base Price shall be made, for the cost of such imposition, removal, increase or decrease applicable to the coal sold to Purchaser hereunder.

Purchaser and Seller shall jointly estimate the cost of such imposition, removal, increase or decrease applicable to the coal sold hereunder and shall make an adjustment to the Base Price accordingly.

If any governmental imposition necessitates a capital expenditure or replacement thereof by Seller, Purchaser shall have the option to

compensate Seller for the agreed upon amount of said expenditure immediately upon notice or to reimburse Seller for said expenditure uniformly for up to the estimated life of such capital asset, and in the latter case Purchaser shall pay Seller interest on such outstanding amount owed to Seller at the prime rate of the CITIBANK of New York City, New York.

It is expressly recognized that a separate component of the Base Price of $1.40 per ton represents Seller's cost for West Virginia Severance Tax. The total effective percentage rate of this tax, as of October 1, 1987, is 3.74% as illustrated in Annex G. This component of the Base Price, although in the nature of a governmental imposition, shall be adjusted in the manner described in Section 4.07.

4.05 Adjustment For Cost Of Supplies & Materials. Adjustments shall be made in the Base Price hereunder to reflect changes in cost of supplies and materials occurring from October 1, 1987, and shall be based on changes in the weighted composite of Producer Price Indices as shown below and as first published monthly by the U. S. Department of Labor, Bureau of Labor Statistics.

The Supplies and Materials component of the Base Price is $10.00 per ton effective October 1, 1987 and will remain so throughout the term of this Agreement. The weighting of the indices to be used in

determining this adjustment are shown in the table below:

Index Number	Index	Index Weight	August 1987	Description
1192-01	Underground Mining	34	463.0	Maintenance and Repair
1081-02	Externally Threaded Fasteners	17	104.8	Roof Control
112	Construction Machinery	13	375.5	Maintenance and Repair
0652-01	Nitrogenates	7	168.8	Blasting
0679-02	Explosives	1	319.4	Blasting
0543-1617	Industrial, Power, East South Central	5	489.4	Plant and Power
061	Industrial Chemicals	5	335.9	Plant and Mine Chemicals
0573-03	Diesel Fuel	5	474.7	Fuel
1331	Building Blocks	3	332.3	Ventilation
0576	Finished Lubricants	4	345.0	Lubrication
08	Lumber & Wood Products	3	321.7	Lumber Products
0712-01	Tires	3	229.3	Tires
		100		

Effective as of January 1, April 1, July 1, and October 1 of each year beginning January 1, 1988, Seller shall determine the percentage of increase or decrease in each Weighted Index from the level thereof computed for the month of August 1987. The decimal equivalent of each percentage of increase or decrease shall be added together and the resulting sum of the Weighted Index percentage changes shall be multiplied by $10.00. The resultant amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.05 as illustrated in Annex H. In

289

making such determinations, the first-published indexes for the months of November, February, May and August shall be used.

If any index used in determining adjustments under this Section 4.05 should be discontinued or otherwise become unavailable, the parties by mutual agreement shall substitute such other index as they feel will continue to measure such changes in Supplies and Materials, and adjustments under this Section 4.05 shall continue as provided.

An example of the computation of price adjustment pursuant to Section 4.05 is attached hereto as Annex H.

4.06 Adjustment for Inflation/Deflation Adjustments shall be made in the Base Price hereunder to reflect changes in the purchasing power of the dollar occurring from October 1, 1987 and shall be based on changes in the weighted composite of indices as shown below.

The Inflation/Deflation component of the Base Price is $11.43 per ton effective October 1, 1987 and will remain so throughout the term of this Agreement. The weighting of the indices to be used in determining this adjustment are shown in the table below:

Index	% Index Weight	Base Index
GNP Implicit Price Deflator	50	117.2 (2nd Qtr.'87)
Producer Price Index, All Commodities	50	310.5 (Aug. '87)
	100	

Effective as of January 1, April 1, July 1 and October 1 of each year beginning January 1, 1988, Seller shall determine the percentage of increase or decrease in each Weighted Index from the level shown above. The decimal equivalent of each percentage of increase or decrease shall be added together and the resulting sum of the Weighted Index percentage changes shall by multiplied by $11.43. The resultant amount shall be added to or subtracted from the Base Price in lieu of all previous adjustments pursuant to this Section 4.06 as illustrated in Annex G. In making such determinations, the Producer Price Index - All Commodities as first published monthly by the U. S. Department of Labor, Bureau of Labor Statistics for the months of November, February, May and August and the GNP Implicit Price Deflator preliminary number as published by the U. S. Bureau of Economic Analysis for the third, fourth, first and second quarters of each year shall be used during the term of this Agreement.

If any index used in determining adjustments under this Section 4.05 should be discontinued or otherwise become unavailable, the parties by mutual agreement shall substitute such other index as they feel will continue to measure such changes in Inflation/Deflation, and adjustments under this Section 4.06 shall continue as provided.

An example of the computation of price adjustment pursuant to Section 4.06 is attached hereto as Annex G.

4.07 Adjustment for West Virginia Severance Tax. The Base Price stated in Section 4.01 is based upon existing costs for this tax as of October 1, 1987. The current Base Rate of the West Virginia Severance Tax is 3.85% of revenues, less allowance for Black Lung Excise Tax of $.96 per ton, and West Virginia Special Reclamation Fee of $.01 per ton. The West Virginia Severance Tax Component is $1.40 per ton, which is equivalent to an effective rate of 3.74%, as determined in accordance with Annex H. Adjustments to the Billing Price as a result of this Tax shall be made in accordance with the following procedure. The Base Price shall be first adjusted in accordance with Sections 4.02 through 4.06 hereof. The sum of the adjustments shall be multiplied by 3.74% and the resultant amount shall be added to or subtracted from the Billing Price.

Adjustments to the statutory Base Rate shall be made in accordance with Section 4.04. Each time there is an adjustment to the Base Rate, or a change in the allowances which affects the effective rate of the West Virginia Severance Tax, the effective rate of the tax and the amount of the Severance Tax Component shall be redetermined in accordance with Annex H.

4.08 Fixed Price Component. The Base Price includes a Fixed Component of $1.87 per ton, which component shall remain fixed and firm and not subject to adjustment hereunder.

4.09 Notice and Substantiation of Base Price Adjustment. Seller shall promptly notify Purchaser in writing of the amount and effective date of any claimed adjustments to the respective Base Prices, pursuant to the provisions of Sections 4.02 through 4.07, and shall furnish Purchaser with whatever computations and data are reasonably necessary to substantiate such adjustments. Purchaser shall process adjustments within sixty (60) days after receipt from Seller of all substantiating computations and required data.

Adjustments shall be effective for coal delivered from and after the later of either (1) the effective date of the related change as stated in Sections 4.03, 4.05, 4.06, and 4.07; (2) the date on which

293

Purchaser received notice from Seller of such claimed adjustment under Sections 4.03, 4.05, 4.06 and 4.07 if such notice is not received within sixty (60) days after the date such change was due to become effective.

With respect to decreases required to be made by virtue of any adjustment hereunder, of which Seller failed to notify Purchaser within sixty (60) days, such adjustment shall be made retroactively as if immediate notice had been provided.

Purchaser, or a representative selected by Purchaser upon reasonable advance notice to appropriate personnel of Seller shall have the right to audit or inspect Seller's books and records and determine whether such adjustments under Sections 4.03 through 4.07 have been properly computed by Seller in accordance with the applicable provisions of the Agreement.

If one party owes the other party an amount that the party has underpaid or the other party has overpaid as a result of the determination of a protest, then that amount shall be paid with interest computed at the prime bank rate of the CITIBANK of New York City, New York, plus one-half percent (1/2%), such interest to accrue beginning sixty (60) days from the date of the claim for adjustment.

294

II. Section 5 of the Agreement is amended by deleting Section 5.02 in its entirety and inserting in lieu thereof the following:

5.02 Bill of Lading. Seller will provide rail carrier with a "Bill of Lading" form. Such forms shall be prepared by Seller to incorporate Seller's name, shipment date, destination point, origin, Purchaser contract identification (Purchase Order Number), cars by initials and number, Unit Train Number, Carrier Contract Number, and any other applicable data which may be required. One copy of this form shall be retained by Seller and the remaining copies transmitted to the rail carrier at the time the cars are moved. A "Waybill" (prepared by the carrier from this bill of lading) will be transmitted to Purchaser's receiving plant. Payment will be made on the 20th and 28th day of each month for all coal received and processed prior to such dates.

III. Section 7.01, Quantity Requirements is amended by deleting that Section in its entirety and inserting in lieu thereof the following:

7.01 Quantity Requirements. Seller will tender for delivery and Purchaser will buy the following quantities of acceptable coal from the Coal Property or other reserves of Seller during each

calendar year, plus or minus one-half the quantity of coal in an average unit train delivery:

CALENDAR YEAR	QUANTITY (Tons)
1983	300,000
1984-1986	1,000,000
1987	1,166,667
1988-2008	1,500,000

and at least one million five hundred thousand (1,500,000) tons of acceptable coal, plus or minus one-half the quantity of coal in an average unit train delivery, produced from the Coal Property or other reserves of Seller during each calendar year of the extended term hereof, should Purchaser elect to exercise the option described in Section 3.01 hereof. "Acceptable Coal" means coal meeting the specifications of Sections 11.01 and 12.01 hereof.

Upon notice to Purchaser and approval by Purchaser, Seller may provide coal under the terms of this Agreement acquired from other sources than the Coal Property or Seller's other reserves. Such approval shall not be unreasonably withheld.

In the event Seller has available for delivery additional quantities of coal from the Coal Property and desires to sell the same to Purchaser under the terms of this Agreement, upon acquiring the prior written approval of Purchaser, Seller shall give Purchaser notice of any coal meeting the quality

296

specifications hereunder to be mined from the Coal Property before any contract not presently in existence, having a term of longer than one year, shall be entered into by Seller, and Seller further agrees that Purchaser will be given a fair opportunity to respond with an offer, if Purchaser so decided, before Seller enters into any such contract.

IV. The first paragraph of Section 8.01 of the Agreement, Weighing, is amended by deleting the paragraph in its entirety and inserting in lieu thereof the following:

8.01 Weighing The weight of coal for each shipment sold and delivered hereunder shall be determined from the Seller's scales or other scales approved by Purchaser. The parties agree that Seller's scales as configured on October 1, 1987 are suitable for determining the weight of coal delivered. Said scales shall be maintained and operated in accordance with procedures acceptable to the Purchaser, and shall be certified in accordance with the Association of American Railroads "Scale Handbook", in effect on October 1, 1987 with the exception of the current conveyor length.

297

V. Section 9.01 of the Agreement Coal Specifications is amended by deleting the Section in its entirety and inserting in lieu thereof the following:

9.01 Coal Specifications. The coal delivered by Seller and purchased by Purchaser hereunder shall be three inches (3.0") and under in size, shall not contain greater than sixty percent (60%) of particles that are less than one quarter inch (1/4") in size, shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, rock, loose clay and other impurities; and shall conform to the following analysis on an "as received basis" (all percentages shown are percentages by weight):

Specification	Requirement
Moisture (total)	7.5% (maximum)
Ash	12% (maximum)
Sulfur	.60 lb. per million Btu (maximum)
Volatile	30% (minimum)
Ash Fusion - Reducing Softening (H=W)	2700 degrees F (minimum)
Grindability	34 (minimum) (Hardgrove scale)
Calorific Value	12,000 Btu/lb. (guarantee)
Fines (1/4" x 0")	60% (maximum)

Seller may substitute or commingle coal from another mine or mines if approved by Purchaser provided that the coal so substituted shall conform in all respects to the specifications set forth

in this Section 9.01 and shall be subject to all provisions of this Agreement, provided also, that Purchaser will incur no additional cost burden as a result of such substitutions. Purchaser reserves the right to approve the mine sampler and scale in advance of shipment of substitute coal.

VI. Section 11.01 of the Agreement Quality Variations is amended only by substitution of the following Specifications and Rejection Points:

Specifications	Rejection Points
Moisture (total)	8.5% (maximum)
Ash	13.5% (maximum)
Volatile	28% (minimum)
Ash Fusion - Reducing Softening (H=W)	2500 degrees F (minimum)
Grindability	32 (minimum) (Hardgrove scale)
Calorific Value	11,200 Btu/lb. (minimum)
Fines (1/4" x 0")	60% (maximum)

VII. Section 15.01 of the Agreement, Reviews, is amended by deleting the Section in its entirety and inserting in lieu thereof the following:

15.01 Market Price Reviews

(a) Timing. The Base Price as adjusted pursuant to all other provisions of this Agreement shall, if requested by either party, be adjusted based upon the determination of a "Market Price" pursuant to this Section 15.01.

299

The Market Price shall be defined as a delivered price to Purchaser's Plant in cents per million Btu equivalent to Purchaser's other market alternatives for delivery of coal of similar quality, and in quantities and other terms and conditions of this Agreement. The first such adjustment shall be effective July 1, 1994 (the "Review Date") with subsequent adjustments effective no more often than July 1 of every fifth year thereafter. If a Market Price Review is requested, the parties will negotiate for a period of 60 days prior to the Effective Date as to the mutually agreeable Market Price for coal acceptable to be burned at Purchaser's Plant(s).

(b) Market Price Determination. If the parties are unable to agree upon a Market Price, the Market Price of the coal shall be based upon the weighted average of qualified bid proposals for coal to replace the coal delivered hereunder, as provided below. Bid information shall be furnished by Southern Company Services, Inc., or such other entity acting as Purchaser's fuel purchasing agent. Such bid information will be limited to bids for coal under terms and conditions substantially similar to the Agreement. Such terms and conditions shall include, but not be limited to, an annual quantity of not less than 500,000 tons per year, similar delivery provisions, minimum term of five years. price

300

adjustment mechanisms (including methods and frequency of adjustment, calorific value adjustment and market price redetermination), quality, and other Agreement provisions such as quality and reserve assurances, coal loading and shipping capabilities, and force majeure protections. Purchaser and its agent shall review and validate the bid information, reserves, and competing mine facilities and capabilities; shall determine the Market Price for Seller's coal which would result in a delivered cost to Purchaser's Plant equal to the weighted average delivered cost of the least cost of 2,250,000 tons (in increments of not less than 500,000 tons) from the alternative qualified bid proposals; and shall certify that such bid proposals, considering the mines' reserves and capabilities, represent bona fide offers which could comply with the provisions of this Agreement. A qualified bid proposal shall be considered only if it is not in any way contingent upon or related to any other offer, proposal, transaction, or Agreement among or between the bidder and Purchaser and/or Purchaser's agent.

(c) Price Review Adjustment. When a Market Price has been determined, the Billing Price under this Agreement will be adjusted by an amount equal to 15.625% of the difference, as of the Review Date, (retroactively, if necessary) between the Market

Price and the current delivered price in cents per million Btu (the "Price Review Adjustment"). The Price Review Adjustment shall be added to or subtracted from the Inflation/Deflation component of the Base Price, and adjusted thereafter in accordance with the provisions of Section 4.06. Failure of the parties to reach a timely agreement on Market Price under this Section 15.01 will in no way excuse continued performance under the contract; i.e., delivery of, and payment for coal.

VIII. Annexes C, D, E, F, G and H of the Agreement are amended by deleting such Annexes in their entirety and inserting in lieu thereof Annexes C, D, E. F, G and H attached to this Third Amendment.

IX. Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977, as previously Amended, is not otherwise altered or modified and is in all respects ratified and affirmed.

In Witness Whereof, the Purchaser and Seller have caused this Third Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested by their authorized officers in several counterparts.

(SIGNATURES APPEAR ON PAGE 26)

Attest: _____

GEORGIA POWER COMPANY

By: _____

Its: Sr. Vice President
Fossil & Hydro Power

Date Executed 11/2/87

Attest: _____

SHELL MINING COMPANY

By: _____

Its: President

Date Executed: 11/6/87

Attest: _____

MARROWBONE DEVELOPMENT COMPANY

By: _____

Its: Chairman of the Board

Date Executed: 11/6/87

FINAL PAGE TO THIRD AMENDMENT TO THE AGREEMENT
FOR THE SALE AND PURCHASE OF COAL
BETWEEN GEORGIA POWER, SHELL MINING COMPANY
AND MARROWBONE DEVELOPMENT COMPANY

ANNEX C

BASE PRICE COMPONENTS
OCTOBER 1, 1987

SECTION			PER TON
4.03	WAGES & SALARIES		$11.60
4.04	GOVERNMENT IMPOSITION:		1.17
	FEDERAL BLACK LUNG EXCISE TAX	.96	
	FEDERAL RECLAMATION FEE	.20	
	WEST VIRGINIA STATE RECLAMATION FEE	.01	
4.05	SUPPLIES & MATERIALS		10.00
4.06	INFLATION		11.43
4.07	WEST VIRGINIA SEVERANCE TAX		1.40
4.08	FIXED		1.87
	TOTAL		$37.47

ANNEX D

REFERENCE TO SECTION 4.03
COMPUTATION FOR ADJUSTMENT OF WAGES AND BENEFITS
OCTOBER 1, 1987

Determination of Base October 1, 1987

I. WAGES ELEMENT

Effective October 1, 1987

	UMWA Wages Underground
Grade 5	$ 124.12
Grade 4	120.88
Grade 3	117.94
Grade 2	116.16
Grade 1	115.58
Average Rate	$ 118.94

Average Rate for Underground Miners			$118.94	
Shift Differential (1)			$ 1.44	
Straight Time per Day Wage			$120.38	
Overtime (1 hour @ 1.5 Rate - Fixed)			$ 22.57	
Subtotal - Direct Wages			$142.95	
		Work Days		
Cost of Non Working Days (2)	(41 x $120.38)	/ 237	$ 20.83	
Total Wages Element				$163.78

(1) SHIFT DIFFERENTIAL

Assumes 45% Day Shift, 40% Second Shift, and 15% Third Shift =

(45% x $0 x 8 hrs.) + (40% x $.30/hrs. x 8 hrs.) +
(15% x $.40/hrs. x 8 hrs) = $1.44

(2) NON WORK DAYS AND WORK DAYS (PER UMWA AGREEMENT)

	Non-Work Days Paid	Available Work Days
Days in Year		365
Less: Saturdays & Sundays		104
Regular Vacation	12 *	12
Holidays	12	12
Floating Vacation	4	
Graduated Vacation	7	
Sick Days	5	
Safety Seminar	1	
Total	41	237**

* Includes Birthday Holiday
** Fixed for the Term of This Agreement

II. PAYROLL AND OTHER LABOR-RELATED TAXES ELEMENTS

Social Security *** 7.15% x $163.78	=	$11.71
State Unemployment Compensation 2.50% x $8,000 / 237	=	$ .84
Federal Unemployment Compensation 1.90% x $7,000 / 237	=	$ .56
Workers Compensation 1.40% x $163.78	=	$ 2.29
State Black Lung .30% x $163.78	=	$ .49
Total Daily Payroll Taxes		$15.89

*** Total Wages Element x 237 Available Work Days Not to Exceed Maximum Covered Payroll ($43,800 for 1987)

III. OTHER BENEFIT COSTS ELEMENT

October 1, 1987	Other Benefit Cost Element	$22.50

SUMMARY - TOTAL DAILY WAGE RATE - OCTOBER 1, 1987

1.	Wages Elements	$163.78
2.	Payroll and Other Labor-Related Taxes Elements	$ 15.89
3.	Other Benefit Costs Element	$ 22.50
	Base Average Daily Wage Rate	$202.17

EXAMPLE I - FOR ILLUSTRATION ONLY

COMPUTATION ADJUSTMENT FOR WAGES & BENEFITS:
EFFECTIVE JANUARY 1, 1988

I. WAGES ELEMENT

	UMWA Wages Underground
Grade 5	$ 124.52
Grade 4	121.28
Grade 3	118.34
Grade 2	116.56
Grade 1	115.98
Average Rate	$ 119.34

Average Rate for Underground Miners	$119.34
Shift Differential (1)	$ 1.44
Straight Time per Day Wage	$120.78
Overtime (1 hour @ 1.5 Rate - Fixed)	$ 22.65
Subtotal - Direct Wages	$143.43

		Work Days	
Cost of Non-Work Days (2)	(41 x $120.78)	/ 237	$ 20.89
Total Wage Element			$164.32

(1) SHIFT DIFFERENTIAL

Assumes 45% Day Shift, 40% Second Shift, and 15% Third Shift

(2) NON WORK DAYS AND WORK DAYS (PER UMWA AGREEMENT)

	Non-Work Days Paid	Available Work Days
Days in Year		365
Less: Saturdays & Sundays		104
Regular Vacation	12 *	12
Holidays	12	12
Floating Vacation	4	
Graduated Vacation	7	
Sick Days	5	
Safety Seminar	1	
Total	41	237**

* Includes Birthday Holiday
** Fixed for the Term of This Agreement

II. PAYROLL AND OTHER LABOR-RELATED TAXES ELEMENTS

Social Security *** 7.15% x $164.32	=	$11.75	
State Unemployment Compensation 2.50% x $8,000 /	237 =	$ .84	
Federal Unemployment Compensation 1.90% x $7,000 /	237 =	$ .56	
Workers Compensation 1.40% x $164.32	=	$ 2.30	
State Black Lung .30% x $164.32	=	$ .49	
otal Daily Payroll Taxes	308		$15.94

*** Total Wages Element x 237 Available Work Days Not to Exceed Maximum Covered Payroll ($43,800 for 1987)

III. OTHER BENEFIT COSTS ELEMENT

January 1, 1988	Other Benefit Cost Element	$22.50

SUMMARY - TOTAL DAILY WAGE RATE - JANUARY 1, 1988

1.	Wages Element	$164.32
2.	Payroll and Other Labor-Related Taxes Element	$ 15.94
3.	Other Benefit Costs Element	$ 22.50
	Total Average Daily Wage Rate	$202.76

INCREASE/DECREASE IN WAGES AND BENEFITS:

$202.76 / $202.17	= .29%
.29% x $11.60	= $.03
Cumulative Adjustment to the Base Price	= $.03
Previous Adjustment	= .00
Adjustment Effective January 1, 1988	$.03

EXAMPLE II - FOR ILLUSTRATION ONLY

COMPUTATION FOR ADJUSTMENT WAGES & BENEFITS:
EFFECTIVE APRIL 1, 1988

I. WAGES ELEMENT

Effective April 1, 1988

	UMWA Wages Underground
Grade 5	$ 125.01
Grade 4	122.30
Grade 3	119.35
Grade 2	117.25
Grade 1	116.80
Average Rate	$ 120.14

309

Average Rate for Underground Miners	$120.14
Shift Differential (1)	$ 1.44
Straight Time per Day Wage	$121.58
Overtime (1 hour @ 1.5 Rate - Fixed)	22.80
Subtotal - Direct Wages	$144.38

		Work Days	
Cost of Non-Work Days (2)	(41 x $121.58)	/ 237	$ 21.03
Total Wage Element			$165.41

(1) SHIFT DIFFERENTIAL

Assumes 45% Day Shift, 40% Second Shift, and 15% Third Shift

(2) NON WORK DAYS AND WORK DAYS (PER UMWA AGREEMENT)

	Non-Work Days Paid	Available Work Days
Days in Year		365
Less: Saturdays & Sundays		104
Regular Vacation	12 *	12
Holidays	12	12
Floating Vacation	4	
Graduated Vacation	7	
Sick Days	5	
Safety Seminar	1	
Total	41	237**

* Includes Birthday Holiday
** Fixed for the Term of This Agreement

II. PAYROLL AND OTHER LABOR-RELATED TAXES ELEMENTS

Social Security* **				
	7.15% x $165.41	=	$11.83	
State Unemployment Compensation				
	2.50% x $8,000 /	237 =	$ .84	
Federal Unemployment Compensation				
	1.90% x $7,000 /	237 =	$ .56	
Workers Compensation				
	1.40% x $165.41	=	$ 2.32	
State Black Lung				
	.30% x $165.41	=	$ .50	
Total Daily Payroll Taxes				$16.05

*** Total Wages Element x 237 Available Work Days Not to Exceed Maximum Covered Payroll

III. OTHER BENEFIT COSTS ELEMENT

April 1, 1988 Other Benefit Cost Element Calculation

Index	Ref. Month	Base	% Change
CPI-W Medical Care Services	505.7	501.7	.80

1.0080 x $22.50 = $ 22.68

SUMMARY - TOTAL DAILY WAGE RATE - APRIL 1, 1988

1. Wages Element	$165.41
2. Payroll and Other Labor-Related Taxes Element	$ 16.05
3. Other Benefit Costs Element	$ 22.68
Total Average Daily Wage Rate	$204.14

INCREASE/DECREASE IN WAGES AND BENEFITS:

$204.14 / $202.17	= .97%
.97% x $11.60	= $.11
Cumulative Adjustment to the Base Price	= $.11
Previous Adjustment	= .03
Adjustment Effective April 1, 1988	$.08

ANNEX E

REFERENCE TO SECTION 4.04
WEST VIRGINIA SEVERANCE TAX
OCTOBER 1, 1987

DETERMINATION OF EFFECTIVE PERCENTAGE RATE AND BASE OCTOBER 1, 1987		BASE PRICE COMPONENTS PER TON
Wages & Benefits		$11.60
Govt. Impositions		
Fed. Black Lung Excise Tax ($1.10 x 75%) + ($.55 x 25%)	$ .96	
Fed. Reclamation Fee ($.15 x 75%) + ($.35 x 25%)	.20	
W. Va. State Reclamation Fee	.01	
TOTAL		1.17
Supplies & Materials		10.00
Inflation/Deflation		11.43
West Virginia Severance Tax		X
Fixed		1.87
Price		$36.07 + X

DETERMINATION OF BASE WEST VIRGINIA SEVERANCE TAX

X = 3.85% (Price) - (FED. BLACK LUNG EXCISE TAX + WEST VA. STATE RECLAM. FEE)

X = 3.85% ($36.07 + X - $.96 - $.01)

X = 3.85% ($35.10 + X)

X = $1.35 + .0385X

.9615 X = $1.35

X = $1.40

DETERMINATION OF EFFECTIVE BASE PERCENTAGE RATE OCTOBER 1, 1987

$1.40/$37.47 = 3.74%

ANNEX F
REFEREN[illegible]O SECTION 4.05
COMPUTA[illegible] FOR ADJUSTMENT
SUPPLIES AND MATERIALS
OCTOBER 1, 1987

EXAMPLE I - FOR ILLUSTRATION ONLY

DETERMINATION OF SUPPLIES AND MATERIALS ADJUSTMENT: EFFECTIVE JANUARY 1, 1988

Index No.	Component	% Weight	Base Index Value August 1987	11/87 Index Value	% Change	Wtd. % Change
1192-01	Underground Mining Machinery	34%	463.0	465.0	.43	.15
1081-02	Ext. Threaded Fasteners	17%	104.8	106.4	1.53	.26
112	Construction Machinery	13%	375.5	377.2	.45	.06
0652-01	Nitrogenates	7%	168.8	165.3	(2.07)	(.14)
0679-02	Explosives	1%	319.4	322.1	.85	.01
0543-1617	Industrial Power - East South Central	5%	489.4	490.0	.12	.01
061	Industrial Chemicals	5%	335.9	341.3	1.61	.08
0573-03	Diesel Fuel	5%	474.7	478.6	.82	.04
1331	Building Blocks	3%	332.3	334.2	.57	.02
0576	Finished Lubricants	4%	345.0	341.6	(.99)	(.04)
08	Lumber & Wood Products	3%	321.7	322.3	.19	.01
0712-01	Tires	3%	229.3	231.7	1.05	.03
		100%				
				Weighted Percent Increase		.49

3/4

BASE MATERIALS AND SUPPLIES COMPONENT $10.00

$10.00 x .49% = $ .05

Adjustment to be added to the Billing Price Effective 1/1/88

Cumulative Adjustment to the Base Price	$ .05
Previous Adjustment	.00
Adjustment Effective 1/1/88	$ .05

EXAMPLE II - FOR ILLUSTRATION ONLY

DETERMINATION OF SUPPLIES AND MATERIALS ADJUSTMENT: EFFECTIVE APRIL 1, 1988

Index No.	Component	% Weight	Base Index Value August 1987	2/88 Index Value	% Change	Wtd. % Change
1192-01	Underground Mining Machinery	34%	463.0	475.3	2.66	.90
1081-02	Ext. Threaded Fasteners	17%	104.8	109.2	4.20	.71
112	Construction Machinery	13%	375.5	380.6	1.36	.18
0652-01	Nitrogenates	7%	168.8	170.3	0.89	.06
0679-02	Explosives	1%	319.4	326.4	2.19	.02
0543-1617	Industrial Power - East South Central	5%	489.4	492.3	0.59	.03
061	Industrial Chemicals	5%	335.9	346.7	3.22	.16
0573-03	Diesel Fuel	5%	474.7	483.6	1.87	.09
1331	Building Blocks	3%	332.3	337.2	1.47	.04
0576	Finished Lubricants	4%	345.0	347.3	0.67	.03
08	Lumber & Wood Products	3%	321.7	326.2	1.40	.04
0712-01	Tires	3%	229.3	235.6	2.75	.08
		100%				
				Weighted Percent Increase		2.34

315

BASE MATERIALS AND SUPPLIES COMPONENT $10.00

$10.00 x 2.34% = $ .23

Adjustment to be added to the Billing Price Effective 4/1/88

Cumulative Adjustment to the Base Price	$ .23
Previous Adjustment	.05
Adjustment Effective 4/1/88	$ .18

ANNEX G

REFERENCE TO SECTION 4.06
COMPUTATION OF ADJUSTMENT FOR CHANGES IN INFLATION/DEFLATION
OCTOBER 1, 1987

EXAMPLE I - FOR ILLUSTRATION ONLY

DETERMINATION OF INFLATION/DEFLATION ADJUSTMENT
EFFECTIVE JANUARY 1, 1988:

Index	% Index Weight	Base Quarter/ Month	Reference Quarter/ Month	% Change	Wtd. % Change
GNP Implicit Price Deflator	50	117.2 (2nd Qtr. 1987)	120.1 (3rd Qtr. 1987)	2.47	1.24
Producer Price Index, All Commodities	50	310.5 (8/87)	325.5 (11/87)	4.83	2.42
	100%				3.66

BASE INFLATION/DEFLATION COMPONENT $11.43

$11.43 X 3.66% = $.42

Adjustment to be added to the Billing Price effective 1/1/88

Cumulative Adjustment to the Base Price	$.42
Previous Adjustment	.00
Adjustment Effective 1/1/88	$.42

EXAMPLE II - FOR ILLUSTRATION ONLY

Determination of Inflation/Deflation Adjustment Effective April 1, 1988:

Index	% Index Weight	Base Quarter/ Month	Reference Quarter/ Month	% Change	Wtd. % Change
GNP Implicit Price Deflator	50	117.2 (2nd Qtr. 1987)	117.1 (3rd Qtr. 1987)	(.08)	(.04)
Producer Price Index, All Commodities	50	310.5 (8/87)	324.0 (11/87)	4.35	2.18
	100%				2.14

BASE INFLATION/DEFLATION COMPONENT $11.43

$11.43 X 2.14% = $.24

Adjustment to be added to the Billing Price effective 4/1/88

Cumulative Adjustment to the Base Price	$.24
Previous Adjustment	.42
Adjustment Effective 4/1/88	$(.18)

ANNEX H

REFERENCE TO SECTION 4.07
COMPUTATION FOR ADJUSTMENT OF WEST VIRGINIA
SEVERANCE TAX
OCTOBER 1, 1987

EXAMPLE I - FOR ILLUSTRATION ONLY

DETERMINATION OF WEST VIRGINIA SEVERANCE TAX ADJUSTMENT EFFECTIVE JANUARY 1, 1988:

Sum of Billing Price Adjustments Effective January 1, 1988

Section		Per Ton Adjustment
4.03	Wages & Benefits	$.03
4.04	Gov't Impositions	.00
4.05	Supplies & Materials	.05
4.06	Inflation/Deflation	.42
	TOTAL	$.50

West Virginia Severance Tax Adjustment to be Added to the Billing Price Effective January 1, 1988

$.50 X 3.74% = $.02

EXAMPLE II - FOR ILLUSTRATION ONLY

DETERMINATION OF WEST VIRGINIA SEVERANCE TAX ADJUSTMENT EFFECTIVE APRIL 1, 1988:

Sum of Billing Price Adjustments Effective April 1, 1988

Section		Per Ton Adjustment
4.03	Wages & Benefits	$.08
4.04	Gov't Impositions	.00
4.05	Supplies & Materials	.18
4.06	Inflation/Deflation	(.18)
	TOTAL	$.08

West Virginia Severance Tax Adjustment to be Added to the Billing Price Effective April 1, 1988

$.08 X 3.74% = $.00

AMENDMENT TO THE AGREEMENT FOR THE
SALE AND PURCHASE OF COAL

THIS AMENDMENT is made and entered into this 25th day of September, 1979, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "Purchaser") and A. T. MASSEY COAL COMPANY, INC., a corporation organized and existing under the laws of the State of Virginia with its principal office in Richmond, Virginia and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia with its principal office in Kermit, West Virginia (severally, collectively and jointly referred to as "Seller").

W I T N E S S E T H :

WHEREAS, Purchaser and Seller have previously entered into an Agreement for the Sale and Purchase of Coal dated March 31, 1977;

WHEREAS, the Purchaser and Seller desire to modify and amend the Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the previous covenants and the mutual covenants hereinafter set forth, Seller and

Purchaser hereby agree to modify and amend the Agreement in the following respects:

1.

Section 5.01 of the Agreement is amended by deleting the section in its entirety and inserting in lieu thereof the following:

> 5.01 Calorific Value Adjustment. The amount to be paid by Purchaser for the Coal under this Agreement shall be determined upon the basis of the actual "as received" calorific value of the Coal as contained in the samples. (See Annex K and Section 10.01 regarding sampling and analyses.) This determination shall be made as follows: "As received" calorific value shall be divided by the calorific value set out in Section 9.01 (12,000 BTU per pound). The resulting quotient ("calorific adjustment factor") shall be multiplied times the sum of (a) the respective Base Price and (b) the actual transportation costs borne by Purchaser.
>
> The product resulting from this step, less the sum of (a) and (b), shall constitute a "Calorific Value Adjustment." Purchaser shall submit to Seller whatever computations and data are reasonably necessary to substantiate such adjustment. The amount to be paid by Purchaser for coal purchased hereunder shall be the respective Base Price adjusted upward or downward to the nearest one-tenth of a cent by the amount of the Calorific Value Adjustment computed for the coal delivered in each calendar quarter. The Calorific Value Adjustment mechanism is further detailed and illustrated in Annex J, attached hereto and made a part hereof, and this adjustment shall be made in accordance with the said Annex J.
>
> Within 45 days after the close of each calendar month, a report will be submitted by Purchaser to Seller showing the computation of adjustments required to determine the price to be paid for coal received during the preceding billing period, in accordance with provisions in Section 4.09, this Section 5.01 and Section 10.01 hereof. Where interim billing resulted in underpayment, Purchaser will remit the difference between the actual price that should have been paid and the interim

321

payments. Where interim billing resulted in overpayment, Seller shall credit Purchaser's account with such amount of overpayment and inform Purchaser of such credit.

2.

Annex J of the Agreement is amended by deleting the second, final, paragraph in its entirety and inserting in lieu thereof the following:

Determination of the Calorific Value Adjustment is made as follows:

	(x)	(y)	(z)
	Base Factor	(Hypothetical Months)	
Item	At the Specification Calorific Value of 12,000 BTU/lb	At a month's Calorific Value of 12,200 BTU/lb	At a month's Calorific Value of 11,800 BTU/lb
1. Per ton-Billing Price	$ 30.00	$ 30.00	$ 30.00
2. Per ton-Purchaser's Transportation Cost	10.00	10.00	10.00
3. Total Purchaser's Delivered Cost Per Net Ton	40.00	40.00	40.00
4. Calorific BTU value per pound	12,000	12,200	11,800
5. Calorific Adjustment fraction		12,200 / 12,000	11,800 / 12,000
6. Calorific Adjustment factor		1.017	.983
7. Calorific value Adjustment (3 x 6) - 3		.680	-.680
8. Amount per ton to be paid by Purchaser Adjusted to nearest one-tenth of a cent (1 + 7)		$ 30.680	$ 29.320

322

Figures used in columns (x), (y) and (z) of items 1 through 6 are purely hypothetical and are used for illustrative purposes only.

3.

Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977 is not otherwise altered or modified and is in all respects ratified and affirmed.

IN WITNESS WHEREOF, the Purchaser and Seller have caused this Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested in several counterparts on this 25th day of September, 1979.

GEORGIA POWER COMPANY

ATTEST:

By: W. E. Ehrensperger

Date Executed: 9-25-79

A. T. MASSEY COAL COMPANY, INC.

ATTEST:

Wm Blair Massey
Secty.

By: [signature]
Its [illegible]

Date Executed: 8/29/79

MARROWBONE DEVELOPMENT COMPANY

ATTEST:

Wm Blair Massey
Secty.

By: John N. Smith
Its President

Date Executed: 9/4/79

323

GUARANTY AGREEMENT

THIS AGREEMENT, made this 23rd day of March, 1982, by and between A. T. Massey Coal Company, Inc. (the "Guarantor") and Georgia Power Company ("Georgia Power"):

W I T N E S S E T H:

WHEREAS, Georgia Power has contemporaneously herewith consented to the assignment to Massey Coal Sales Company, Inc. ("Sales Company") of Guarantor's interest in that certain coal supply Agreement dated March 31, 1977 between Guarantor and Marrowbone Development Company as SELLER and Georgia Power as BUYER (the "Agreement");

WHEREAS, Marrowbone Development Company has consented to such assignment;

WHEREAS, Guarantor is desirous of having Georgia Power consent to such assignment; and

WHEREAS, Georgia Power is willing to grant such consent only if the Guarantor guarantees the faithful performance of all the terms and conditions thereof.

NOW, THEREFORE, in consideration of the consent to assignment to Coal Sales by Georgia Power, the Guarantor does hereby agree as follows:

1. The Guarantor does hereby guarantee full, prompt, and complete performance by Coal Sales of all the terms,

covenants, and conditions of the Agreement (as the same may be modified, amended, construed, or implemented by Coal Sales, Marrowbone Development Company and Georgia Power) and payment of all sums that may become due to Georgia Power from SELLER thereunder.

2. This guaranty shall be construed as an absolute, continuing and unlimited guaranty of Coal Sales' performance, and Georgia Power shall not be required to proceed first against Coal Sales or any other person, firm, or corporation or otherwise exhaust any remedies, legal or equitable, it may have against Coal Sales or any other person, firm, or corporation.

3. This guaranty is not limited to any particular period of time but shall continue in full force and effect until all obligations of SELLER under the Agreement with Georgia Power have been fully and completely performed, and the Guarantor shall not be released from any obligation or liability hereunder so long as there is any claim of Georgia Power against SELLER arising out of the said Agreement that has not been settled or discharged in full. The Guarantor shall have no power to revoke this guaranty.

4. The Guarantor understands that Georgia Power, Coal Sales and Marrowbone Development Company may modify, amend, construe, or implement the Agreement from time to time and at any time in a way which may increase the obligations of SELLER and the Guarantor and may render full, prompt, and

complete performance of SELLER more difficult. The Guarantor hereby consents to any and all such modifications, amendments, constructions, or implementation of such agreement, and such modifications, amendments, constructions, or implementation shall not release the Guarantor from its liabilities and obligations hereunder.

5. The Guarantor shall not be released by any extension of time of performance granted to SELLER by Georgia Power, and Georgia Power shall have full power and authority without notice to the Guarantor to grant any such extension of time as may seem proper to it.

6. In the event SELLER shall fail to perform any of the terms, covenants and conditions of its Agreement with Georgia Power, the Guarantor shall pay to Georgia Power all damages, costs, and expenses which Georgia Power is entitled to recover from Coal Sales by reason of such default.

7. In the event Georgia Power gives the Guarantor notice of a default by SELLER under its Agreement with Georgia Power, the Guarantor shall have the right to assume and perform all of Coal Sale's obligations under its Agreement with Georgia Power, subject to all the terms, conditions, and covenants thereof.

8. The Guarantor does hereby waive the giving by Georgia Power of any notice to which it otherwise might be entitled by law, including, without limitation, notice of acceptance of this Guaranty Agreement and notice of default by Coal Sales. The Guarantor further waives the making of any demand for performance upon Coal Sales of itself.

9. The Guarantor hereby agrees that this Guaranty Agreement shall be applicable to the successors and assigns of Coal Sales.

10. The validity, interpretation and performance of this Guaranty Agreement and each of its provisions shall be governed by the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

A. T. MASSEY COAL COMPANY, INC.

GEORGIA POWER COMPANY

327

Southern Company Services.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

December 6, 1983

Mr. R. J. Kelly, Executive Vice President
Georgia Power Company
Post Office Box 4545
Atlanta, GA 30302

Mr. L. Ellis Dusenbury, President
Massey Coal Sales Company, Inc.
Post Office Box 26765
Richmond, VA 23261

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT, AS AMENDED, BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. AND MARROWBONE DEVELOPMENT COMPANY (SELLERS), (HEREINAFTER "THE AGREEMENT")

In accordance with the terms and conditions of Section 7.01, Quantity Requirements, Massey Coal Sales Company, Inc. is to ship 300,000 tons of coal to Georgia Power Company in calendar year 1983, 1,000,000 tons of coal in the calendar years 1984 through 2008, and 1,000,000 tons of coal during the calendar year of the extended term (if Purchaser elects to exercise the option described in Section 3.01), all tons to meet the quality as stated in Section 9.01 of the Agreement. It is hereby agreed that Massey Coal Sales Company, Inc. will defer all 1983 coal shipments until the calendar years 1985 and 1986, at which time the deferred 1983 coal shipments will be added to the contractual shipments in the following manner:

1985 - 150,000 tons
1986 - 150,000 tons

It is also agreed that Massey Coal Sales Company, Inc. may ship up to 50% of its annual contract tonnage from coal reserves of its affiliates (majority owned) at a delivered price to stated destination not to exceed the Coal Property delivered price to stated destination, and provided the coal quality from coal reserves of its affiliates equals or exceeds the contractual coal quality as stated in Section 9.01. For purposes of this calculation, the Coal Property delivered price shall be computed as though all tonnage had been shipped from the Coal Property.

Georgia Power Company agrees to accept up to 50% of the coal deliveries from coal reserves of your affiliates with the understanding that Georgia Power Company will incur no additional cost burden as a result of these deliveries.

328

Please sign in the spaces provided below to indicate your concurrence with the provisions of this Letter Agreement.

Yours very truly,

J. F. Billingsley

J. F. Billingsley, Manager
Fuel Contract Administration

jg

In Witness Whereof, the parties have caused this Letter Agreement to be executed by their authorized officers.

GEORGIA POWER COMPANY

By R. P. Kelly
Its Executive Vice President

DMR

Witness

MASSEY COAL SALES COMPANY, INC.

By
Its President

Witness

MARROWBONE DEVELOPMENT COMPANY

By
Its Vice President & General Manager

Witness

Southern Company Services Inc
Post Office Box 2625
Birmingham Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

January 28, 1983

Mr. R. J. Kelly
Executive Vice President
Georgia Power Company
Post Office Box 4545
Atlanta, GA 30302

Mr. R. Ellis Dusenbury
Director, Contract Sales
Massey Coal Sales Company, Inc.
Post Office Box 26765
Richmond, VA 32361

Gentlemen:

AGREEMENT FOR THE SALE AND PURCHASE OF COAL DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER, "THE AGREEMENT")

This Letter Agreement signifies that the map attached hereto and referred to as EXHIBIT 1 of ANNEX A has been reviewed and agreed to by both Purchaser (Georgia Power Company) and Seller (Massey Coal Sales Company, Inc.) as representing the entire Coal Property containing sufficient reserves necessary to meet the requirements of the Agreement. The attached EXHIBIT 1 of ANNEX A will be recognized as being the maps identified as EXHIBITS 1 and 2 of ANNEX A on pages 1 and 2 of the recitals to the Agreement. Furthermore, both Purchaser and Seller agree that references in the Agreement to "Coal Property" shall be deemed to consist of only those land and mineral interests outlined in the attached EXHIBIT 1 of ANNEX A.

Please signify your acceptance of the foregoing by executing this Letter Agreement in the space provided below.

Sincerely,

Charles V. Valekis

Charles V. Valekis
Supervisor, Fuel Contract Analysis
Fuel Supply Department

js
Attachment: EXHIBIT 1 of ANNEX A

ACCEPTED BY:

BMP

GEORGIA POWER COMPANY

DATE: 2/25/83

330

MASSEY COAL SALES COMPANY, INC.

DATE: 2/5/83

Southern Company Services
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

COK 08-13.22

Southern Company Services
the southern electric system

February 19, 1985

Mr. D. M. Ratcliffe
General Manager, Fuel Services
Georgia Power Company
Post Office Box 4545
Atlanta, Georgia 30302

Mr. L. Ellis Dusenbury, President
Massey Coal Sales Company, Inc.
Post Office Box 26765
Richmond VA 23261

RE: LETTER OF UNDERSTANDING RELATING TO THE COAL SUPPLY AGREEMENT, AS AMENDED, BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. AND MARROWBONE DEVELOPMENT COMPANY (SELLERS), DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT")

Gentlemen:

The following items in the Agreement require clarification and documentation of working understandings reached as to the price adjustment procedures contained in the Agreement.

1. For the labor and fringe and benefit adjustments effective July 1, 1981 under Sections 4.03 and 4.04 of the Agreement, Sellers' actual June 7, 1981 payroll period direct labor work force classified by UMWA job grade will be used to compute the percentage increase in daily labor cost. The percentage increase at July 1, 1981 is computed by applying Sellers' June 7, 1981 work force mix percentages to UMWA wage rates effective as of August 1, 1976 and July 1, 1981 and computing the percentage increase in the resulting weighted average rates.

   For labor and fringe and benefit adjustments effective under Sections 4.03 and 4.04 of the Agreement after July 1, 1981, Sellers' actual payroll period direct labor work force classified by UMWA job grade for the first two pay dates in the preceding month of December will be used to compute the new weighted average rate in effect at the adjustment date. The weighted average rate as calculated at the preceding adjustment date will be compared to the new weighted average rate to compute the percentage increase in daily labor cost.

   Weighted average wage rates used under Sections 4.03 and 4.04 are calculated by first multiplying the applicable work force

percentages time the wage rates for each job grade using a "floating" decimal for intermediate results. The total of the intermediate results rounded to two decimal places is the weighted average wage rate.

2. The Mineral Industry Surveys referenced in Section 4.03 for use in updating the Daily Production Factor is no longer published. The Coal Production Report published by the Department of Energy will be used in its place. The latest available published production index values for the vicinity of Sellers' mine will be used at each escalation effective date. The preceding calendar year's actual production mix of surface and underground coal will be used throughout a calendar year period. The Daily Production factor is rounded to two decimal places in accordance with Section 4.03 and Annex F to the Agreement.

3. The medical insurance cost included in the UMWA Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is currently based on insurance rates paid by Sellers' Omar Mining Company (a UMWA mine) at an agreed ratio of 90% married: 10% single coverage. The January 1, 1983 rates are currently included in escalations made under the Agreement. Since Omar Mining Company is now self-insured for these costs, Purchaser and Sellers agree to use the previous year's costs incurred at Omar Mining Company for adjustment in the current year. For example, medical cost adjustments for 1984 shall be based on actual medical costs incurred at Omar in 1983.

4. The sickness and accident benefit cost included in the UMWA Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is currently based on a January 1, 1983 rate of $14.17 per employee per month for benefits of $175.00 per week (Equitable's August 26, 1982 letter). Since Seller's mines are now self-insured, sickness and accident benefit cost adjustments will be handled in the same manner as medical costs described in Item 3 above based on Omar Mining Company. This method of adjusting medical and sickness and accident costs shall be subject to review as provided in Section 15.01 of the Agreement.

5. Workmen's Compensation cost included in the Government Imposition Type portion of Fringe and Benefit adjustments made under Section 4.04 of the Agreement is updated quarterly based on the percentage of each quarter's actual premium cost to total gross earnings. Each quarter's resulting workmen's compensation percentage is applied to the daily wage factor in effect as of the beginning of each quarter to derive the cost per day for workmen's compensation. It is understood that the quarterly billings utilized to compute the workmen's compensation percentages include costs for all employees (not just direct mine labor), and that the percentages derived therefrom are averages of actual rates for all of Sellers' employees.

6. Federal reclamation tax and Federal black lung excise tax government impositions will be retroactively adjusted as soon as possible after the end of each calendar quarter to reflect the actual production mix of surface and underground mined coal and the actual tax rates in effect during such quarter.

7. It is recognized that the "Wholesale Price Index" referenced in Section 4.06 and Annex G to the Agreement has been renamed the "Producer Price Index." It is also recognized that the Producer Price Index for Mine Roof Bolts has been renumbered 1081-0241 (instead of 1081-0141). The renumbering change is effective beginning with the January 1, 1983 supplies and materials escalations.

8. Beginning January 1, 1978 there are two Consumer Price Indices. For price adjustments computed under Section 4.07 and in accordance with Annex H, it is agreed that the Consumer Price Index For All Items, Wage Earners and Clerical Workers (CPI-W) will be used.

Please indicate your concurrence with the provisions of this letter of understanding by signing in the spaces provided below.

Sincerely,

Rebecca D. Stallings

Rebecca D. Stallings
Fuel Contract Analyst
Fuel Supply Department

shm

gpmass

Approved: David M. Ratcliffe HDD
Georgia Power Company

Date 4/8/85

Approved: _____
Massey Coal Sales Company, Inc.

Date 3/21/85

Approved: _____
Marrowbone Development Company

Date 3/27/85

333

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

September 9, 1985

Southern Company Services
the southern electric system

Mr. L. Ellis Dusenbury, President
Massey Coal Sales Company, Inc.
P. O. Box 26765
Richmond, VA 23261

Mr. George F. Head
Senior Vice President-
Fossil & Hydro Power
Georgia Power Company
P. O. Box 4545
Atlanta, Georgia 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. (SELLER) DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT").

Price adjustments for Gross Margin under Section 4.07 of the Agreement are based on percentage changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Effective with the June 30, 1985 publication, the Bureau of Labor Statistics discontinued publication of the old series CPI-W and replaced it with the new series CPI-W.

In order to avoid unfair advantage to either party, the parties mutually agree to adjust the CPI-W new series number in accordance with the following methodology utilizing the new June 1985 index value to obtain the necessary conversion factor:

EXAMPLE:

	Old Series June 1985	New Series June 1985
CPI-W Index	318.3	318.7

$$\frac{318.7}{318.3} = 1.0013 \text{ (percentage increase)}$$

Divide the current CPI-W index number by 1.0013 each time to determine the index number to be used.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this letter agreement by signing all three copies in the spaces provided below:

Sincerely,

Jenny I. Gillespie

Jenny I. Gillespie
Fuel Contract Analyst
Fuel Supply Department

For Massey Coal Sales Company, Inc.

For Georgia Power Company

cc: Massey Coal Sales Company, Inc.
C. Hill
Georgia Power Company
H. D. Dodgen
D. M. Ratcliffe
Southern Company Services, Inc.
J. C. Ludwig
J. F. Billingsley
E. E. Gagne
D. J. Putman
F. G. Robertson
S. E. Rowland
J. A. Small
C. V. Valekis

File: LEG 1-8 GP
cpiw2

Southern Company Services
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Contract File
COR 08-12-22

Southern Company Services
the southern electric system

December 11, 1985

Mr. L. Ellis Dusenbury, President
Massey Coal Sales Company, Inc.
P. O. Box 26765
Richmond, VA 23261

Mr. G. F. Head
Senior Vice President -
Fossil and Hydro Power
Georgia Power Company
P. O. Box 4545
Atlanta, GA 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER) AND MASSEY COAL SALES COMPANY, INC. (SELLER) DATED MARCH 31, 1977, AS AMENDED (HEREINAFTER "THE AGREEMENT").

Price adjustments for Supplies and Materials under Section 4.06 of the Agreement are based on percentage changes in the composite Producer Price Indices which includes the Diesel to Commercial Consumers index (Code No. 0573-0301.08) and the Lubricating Oil Materials index (Code No. 0575) as first published by the U.S. Department of Labor, Bureau of Labor Statistics on Table 6 of its monthly publication of Producer Price Indexes.

Effective with the publication of the Producer Price Index Data for July 1985, the Bureau of Labor Statistics will temporarily discontinue publication of the Diesel to Commercial Consumers index (Code No. 0573-0301.08) and will begin publishing a No. 2 Diesel Fuel index (Code 0573-03), which it previously had not published since it had been identical to the Diesel to Commercial Consumers index (Code No. 0573-0301.08). The population used to derive the No. 2 Diesel Fuel index will differ from the population previously utilized in that both direct and resells from refiners will be included. Prior to July, only direct sales had been included.

336

In addition, effective with the publication of the July 1985 Producer Price Index Data, the Bureau of Labor Statistics has permanently discontinued publication of the Lubricating Oil Materials index (Code No. 0575). The Bureau of Labor Statistics has advised that the Finished Lubricants index (Code No. 0576) is the closest replacement for the discontinued Lubricating Oil Materials index. The Finished Lubricants index measures price changes in the finished products derived from the commmodities previously included in the discontinued Lubricating Oil Materials index.

In accordance with Section 4.06 of the Agreement, the parties mutually agree to substitute the No. 2 Diesel Fuel index (Code No. 0573-03) for the Diesel to Commercial Consumers index (Code No. 0573-0301.08) effective with the September 1, 1985 Supplies and Materials escalation. This substitution will remain in place even if and when the Bureau of Labor Statistics resumes publication of the Diesel to Commercial Consumers index (Code No. 0573-0301.08).

In addition, the parties mutually agree to substitute the Finished Lubricants index (Code No. 0576) for the Lubricating Oil Materials index (Code No. 0575) effective with the September 1, 1985 Supplies and Materials escalation. In order to avoid unfair advantage to either party, the parties mutully agree to utilize the conversion factor calculated below to adjust the Finished Lubricants index to a basis comparable to the former Lubricating Oil Materials index:

$$\frac{\text{Finished Lubricants Index for June 1985 (Code 0576)}}{\text{Lubricating Oil Materials Index for June 1985 (Code 0575)}} = \frac{373.7}{770.7} = .4849$$

The Finished Lubricants index is divided by the factor of .4849 at each escalation date effective on and after September 1, 1985 to determine the index number to be used.

337

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with the provisions of this letter agreement by signing all three copies in the spaces provided below.

Sincerely,

Rebecca D. Stallings
Fuel Contract Analyst
Fuel Supply Department

Massey Coal Sales Company

For Marrowbone Development Company

For Georgia Power Company

File: LEG 1-8-AP

agr

Contract File
COK 05.13

Southern Company Services
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

December 18, 1985

Mr. L. Ellis Dusenbury
President
Massey Coal Sales Company, Inc.
P. O. Box 26765
Richmond, VA 23261

Mr. George F. Head
Senior Vice President -
Fossil & Hydro Power
Georgia Power Company
P. O. Box 4545
Atlanta, GA 30302

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL SUPPLY AGREEMENT BETWEEN GEORGIA POWER COMPANY AND MASSEY COAL SALES COMPANY, INC., DATED MARCH 31, 1977, AS AMENDED

During early 1984, Georgia Power Company's Fuel Accounting Department began utilizing a computer program for calculating calorific value adjustment payments under all of its long-term Coal Supply Agreements. This program rounds all calculations to four decimal places except the final payment amount which is rounded to two decimal places.

Prior to the implementation of this computer program, calorific value adjustment payments were calculated manually by Georgia Power Company. The specific rounding and calculation procedures utilized in Georgia Power's computer program are the same procedures used when these payments were calculated manually. These procedures have been consistently utilized in determining all calorific value adjustment payments paid by Georgia Power Company under all long-term Coal Supply Agreements and, consequently, accepted as payment by the vendor.

An example of the procedures utilized in determining these payments is illustrated in the Annex attached to this Letter Agreement. As you will note, the procedures illustrated in the attached may or may not adhere specifically to the exact language and/or calculation examples contained in the Annex of your Coal Supply Agreement with Georgia Power Company.

339

In order to avoid any confusion in the future, the purpose of this Letter Agreement is to clarify that it is the intent of the parties concerned to determine calorific value adjustment payments in accordance with the example illustrated in the attached Annex. This Annex represents an example of payment documentation submitted with each of your current calorific value adjustment payments from Georgia Power and clearly outlines the procedures that should be utilized in developing these payments. It is also agreed that the attached Annex replaces the similar type Annex that may be currently included in your Coal Supply Agreement.

Please indicate your concurrence with the provisions of this Letter Agreement by signing all three copies in the spaces provided below.

Sincerely,

Charles V. Valekis

Charles V. Valekis
Supervisor, Fuel Contract
Administration
Fuel Supply Department

bmm

Attachment: Annex

Approved: _____
Massey Coal Sales Company, Inc.

Approved: _____
Georgia Power Company

SUPPLIER: AEC COAL CO
PURCHASE ORDER: P-10000
MONTH SHIPPED: AUGUST 1985
TONS ANALYZED: 46,365.00
GUARANTEED BTU: 12,000.00

GEORGIA POWER COMPANY

COAL QUALITY ADJUSTMENT

PLANT	DATE	REV #	PRICE $/TON FOB COST	RAIL EST.	TOTAL DEL $/TON	TONS SHIPPED	AS RECEIVED BTU	BTU RATIO	(1) $/TON BTU ADJ.	TOTAL $ BTU ADJ.	ASH/MOISTURE PENALTY	TOTAL ADJUSTMENT AMOUNT
SCHERER	9-26-85	0	$61.887	$6.940	$68.827	46,365.00	12,707	1.0589	4.0539	$187,959.07		$187,959.07
					$0.000			0.0000	0	$0.00		$0.00
								TOTAL ADJUSTMENT AMOUNT		$187,959.07	$0.00	$187,959.07

341

* The information on this coal quality adjustment is purely hypothetical and is used for illustrative purposes only.

(1)

$68.827 x 1.0589 = $72.8809

-68.827

$ 4.0539

SECOND AMENDMENT TO THE AGREEMENT FOR THE
SALES AND PURCHASE OF COAL

THIS AMENDMENT is made and entered into this 10th day of March, 1987, by, between and among GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "Purchaser") and MASSEY COAL SALES COMPANY, INC., a corporation organized and existing under the laws of the State of Virginia with its principal office in Richmond, Virginia (as previously assigned by A. T. Massey Coal Company, Inc.) and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia with its principal office in Kermit, West Virginia (severally, collectively and jointly referred to as "Seller").

W I T N E S S E T H :

WHEREAS, Purchaser and Seller have previously entered into an Agreement for the Sale and Purchase of Coal dated March 31, 1977 as previously amended as of September 25, 1979.

WHEREAS, the Purchaser and Seller desire to modify and amend the Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the previous covenants and the mutual covenants hereinafter set forth, Seller and Purchaser hereby agree to modify and amend the Agreement in the

Daily Production Factor to be used in this agreement, at the time of any adjustment to that factor, shall be 0.21 tons per man-day higher than a weighted average of the average tons per man per day calculated for underground mining and for surface mining, said weighted average to be based on the actual proportion of underground mining and surface mining production by SELLER under this Agreement at the time of such adjustment to the Daily Production Factor. The revised base value of the 1975 published daily production indices on December 31, 1976, for District 8, Southern Numbered 2, is calculated as follows:

Revised Base of 1975
(Based on Tons/Man/Hour)

Underground	9.40 tpmd	÷ 1.17 tpmh	= 8.034 hours/day
Surface	20.57 tpmd	÷ 2.30 tpmh	= 8.943 hours/day

Calculation

Underground	1.17 tpmh	x 8.034 hrs	= 9.40 tpmd x 75%
Surface	2.30 tpmh	x 8.943 hrs	= 20.57 tpmd x 25%

Weighted Average = 12.19 tpmd + .21 = 12.40 tpmd

Beginning with price adjustments computed for 1986 and thereafter, the Daily Production Factor shall be computed in the same manner as above using the latest available tons per man hour production values and the base hours per day. The base hours per day shall not be changed except to recognize general industry changes in the hours worked per

day resulting from changes in the UMW agreement or from governmental impositions.

The adjustment of the Daily Production Factor shall be annually. In the event of the unavailability of the index published in Coal Production Report, adjustments to the Daily Production Factor shall be based upon such other index or method that is mutually agreed to.

2. Except as herein provided, the Agreement for the Sale and Purchase of Coal dated March 31, 1977 is not otherwise altered or modified and is in all respects ratified and affirmed.

In Witness Whereof, the Purchaser and Seller have caused this Second Amendment to the Agreement for the Sale and Purchase of Coal to be duly executed and attested in several counterparts on this 10th day of March, 1987.

Attest:

GEORGIA POWER COMPANY

By: _____

Its: Vice President, Power Generation

Date Executed: 3/10/87

Attest:

MASSEY COAL SALES COMPANY, INC.

By: _____

Its: President

Date Executed: 2/9/87

345

Attest:

Patricia M. Cutlyp

MARROWBONE DEVELOPMENT COMPANY

By: John C. Hill

Its: Vice-President

Date Executed: 2-23-87

FINAL PAGE TO
SECOND AMENDMENT TO THE AGREEMENT FOR THE
SALE AND PURCHASE OF COAL
BETWEEN GEORGIA POWER, MASSEY COAL SALES
AND MARROWBONE DEVELOPMENT COMPANY

AGREEMENT AMONG A. T. MASSEY COAL COMPANY, INC. AND MARROWBONE DEVELOPMENT COMPANY

AND

GEORGIA POWER COMPANY (PURCHASER)

FOR THE SALE AND PURCHASE OF COAL

AGREEMENT AMONG A. T. MASSEY COAL COMPANY, INC.,
MORROWBONE DEVELOPMENT COMPANY (SELLER),
AND GEORGIA POWER COMPANY (PURCHASER)
FOR THE SALE AND PURCHASE OF COAL

INDEX

			Page
SECTION	1.01	MUTUAL OBLIGATIONS	2
SECTION	2.01	SELLER'S RESERVES AND PREPARATIONS FOR SELLING COAL	2
SECTION	2.02	SELLER'S RESERVES AND PREPARATION OF MINING PLANS	3
SECTION	3.01	TERM OF AGREEMENT	4
SECTION	4.01	BASE PRICE PER TON OF COAL	5
SECTION	4.02	ADJUSTMENT - GENERAL	6
SECTION	4.03	ADJUSTMENTS FOR CHANGES IN WAGES AND SALARIES	6
SECTION	4.04	ADJUSTMENT FOR CHANGES IN FRINGES AND BENEFITS	9
SECTION	4.05	ADJUSTMENT FOR CHANGES IN GOVERNMENTAL IMPOSITION	12
SECTION	4.06	ADJUSTMENT FOR COST OF SUPPLIES AND MATERIALS	16
SECTION	4.07	ADJUSTMENT OF GROSS MARGIN	18
SECTION	4.08	ADJUSTMENT FOR PERCENTAGE OF BASE PRICE COMPONENTS: ROYALTY AND WHEELAGE; BUSINESS AND OCCUPATION AND SEVERANCE TAXES.....	19
SECTION	4.09	NOTICE AND SUBSTANTIATION OF BASE PRICE ADJUSTMENT	21

348

		Page
SECTION 5.01	CALORIFIC VALUE ADJUSTMENT	22
SECTION 5.02	ARRIVAL NOTICE	24
SECTION 6.01	SHIPMENT: TARIFFS	24
SECTION 6.02	FREIGHT CHARGES AND RISK OF LOSS ..	26
SECTION 6.03	EXCESS LOADING COSTS CHARGEABLE TO SELLER	26
SECTION 6.04	EXCESS FREIGHT COSTS CHARGEABLE TO SELLER	26
SECTION 6.05	PAYMENT OF EXCESS COST TO PURCHASER	26
SECTION 7.01	QUANTITY REQUIREMENTS	27
SECTION 8.01	WEIGHING	29
SECTION 9.01	COAL SPECIFICATIONS	30
SECTION 10.01	SAMPLING AND ANALYSES	30
SECTION 11.01	QUALITY VARIATIONS	32
SECTION 12.01	CANCELLATION OF AGREEMENT FOR COAL QUALITY FAILURES	34
SECTION 13.01	CANCELLATION FOR UNREMEDIED DEFAULT	35
SECTION 14.01	FORCE MAJEURE	35
SECTION 15.01	REVIEWS	41
SECTION 16.01	INDEPENDENT CONTRACTOR	43
SECTION 17.01	BINDING EFFECT	43
SECTION 18.01	ASSIGNMENTS	43
SECTION 19.01	RIGHT OF INSPECTION; ACCOUNTING ...	44
SECTION 20.01	ARBITRATION	44

		Page
SECTION 21.01	WAIVER	46
SECTION 22.01	REMEDIES CUMULATIVE	46
SECTION 23.01	NOTICES	46
SECTION 24.01	CAPTIONS	47
SECTION 25.01	APPLICABLE LAW	47
SECTION 26.01	ENTIRE AGREEMENT	48
SECTION 27.01	AGENT FOR PURCHASER	48
SECTION 28.01	JOINT AND SEVERAL LIABILITY OF SELLER	49
SECTION 29.01	COUNTERPARTS	49
	SIGNATURES	49

ANNEX A	MAPS OF THE COAL PROPERTY
ANNEX B	MINING PLAN AGREEMENT
ANNEX C	BASE PRICE COMPONENTS
ANNEX D	COMPUTATION OF ADJUSTMENT FOR CHANGES IN WAGES AND SALARIES
ANNEX E	FRINGE BENEFIT COMPONENTS
ANNEX F	COMPUTATION OF ADJUSTMENT FOR CHANGES IN FRINGES AND BENEFITS
ANNEX G	SUPPLIES AND MATERIALS COMPONENTS
ANNEX H	COMPUTATION OF ADJUSTMENT OF GROSS MARGIN
ANNEX I	COMPUTATION OF ADJUSTMENT FOR BASE PRICE PERCENTAGE COMPONENTS
ANNEX J	COMPUTATION OF CALORIFIC VALUE ADJUSTMENT
ANNEX K	LABORATORY PROCEDURES

AGREEMENT FOR THE SALE AND PURCHASE OF COAL

THIS AGREEMENT is made and entered into as of the 31st day of March, 1978, by, between and among BCG GEORGIA POWER COMPANY, a corporation organized and existing under the laws of the State of Georgia and having its principal office in Atlanta, Georgia (hereinafter "PURCHASER"); and A. T. MASSEY COAL COMPANY, INC., a corporation organized and existing under the laws of the State of Virginia and MARROWBONE DEVELOPMENT COMPANY, a corporation organized and existing under the laws of the State of West Virginia (hereinafter severally, collectively and jointly referred to as "SELLER").

W I T N E S S E T H: T H A T,

WHEREAS, PURCHASER owns and operates existing power generation stations and is constructing new power generation stations, all of which require large quantities of acceptable quality coal; and

WHEREAS, Federal and Georgia regulations require use of either very low sulfur fuel or expensive stack gas cleaning equipment in such new power generation stations; and

WHEREAS, SELLER represents and warrants that SELLER owns or controls certain land and mineral interests in Mingo County, West Virginia (hereinafter the "Coal Property"), as outlined on the maps identified as Exhibits 1 and

2 of ANNEX A attached hereto and made a part hereof, which contain more than sufficient quantities of economically recoverable surface and deep mine coal to meet the quality and quantity requirements hereof, including particularly the requirement of no more than 0.60 lb. of sulfur per million Btu heat content for coal delivered after 1980; and

WHEREAS, SELLER further represents and warrants that SELLER will forthwith construct loading facilities at or near the Coal Property, capable of loading unit trains of 10,000 tons in four hours.

NOW, THEREFORE, SELLER and PURCHASER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine and sell coal to PURCHASER and PURCHASER agrees to buy coal from SELLER on the terms and conditions and in the quantities set forth below.

2.01 SELLER's Reserves and Preparations for Selling Coal. SELLER represents and warrants that the "Coal Property" contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, will be sufficient to satisfy all the requirements of this Agreement. SELLER agrees and warrants that it will proceed deliberately to develop and construct mines and mine coal from the Coal Property and to construct or otherwise provide loading facilities capable of loading at the

rate required to comply with this Agreement all on such a schedule as to put SELLER in position to commence its selling and delivering of coal to PURCHASER hereunder as soon as practicable all in accordance with the further provisions hereof. SELLER hereby dedicates to this Agreement sufficient reserves of coal meeting the quality specifications hereof and lying on or in the Coal Property so as to fulfill the quantity specifications hereof. SELLER agrees and warrants that, except for SELLER's obligations under their existing contract with Carolina Power and Light Co., SELLER will not, without PURCHASER's express prior written consent, use or sell coal meeting the quality specifications hereof from the Coal Property under a contract having a term of one or more years, or in a way that will reduce the economically recoverable balance of coal in the Coal Property to an amount less than the amount required to be supplied PURCHASER hereunder, or less than the average yearly or monthly quantities stipulated in Section 7.01 hereof.

2.02 SELLER's Reserves and Preparation of Mining Plans. Under a separate agreement dated January 3, 1977, attached hereto as ANNEX B, SELLER has agreed to provide PURCHASER with proposed mining plans for the Coal Property under the terms therein. This Coal Purchase Agreement shall be of no force or effect unless PURCHASER accepts SELLER's

mining plans under the terms of the above-mentioned agreement of January 3, 1977. When PUR CHASER accepts the mining plans under the terms of that agreement, this Coal Purchase Agreement shall immediately have full force and effect. Neither PURCHASER nor SELLER shall have any rights or obligations under this Agreement if PURCHASER does not accept SELLER's mining plans.

SELLER shall have the right to change such mining plans as it may deem necessary and SELLER agrees to advise PURCHASER promptly of any substantial changes to such mining plans. In addition, SELLER agrees to provide PURCHASER on an annual basis with then current maps showing current mining progress and to provide proposed projected mining plans for the next two (2) years.

3.01 Term of Agreement. This Agreement shall be effective as of the date of its execution subject to Section 2.02 hereof. Full production, sale and delivery of coal hereunder shall commence on or about January 1, 1984, and this Agreement shall remain in effect for a period of twenty-five (25) years thereafter. Initial delivery of coal hereunder will begin on or about January 1, 1983, in the amount set forth in Section 7.01 hereof.

By mutual agreement of the parties hereto, production, sale and delivery of the coal hereunder may commence either earlier or later than January 1, 1983.

By mutual agreement of the parties hereto, this Agreement may be extended for an additional term of five (5) years. PURCHASER shall give written notice to SELLER not less than twelve (12) months prior to the expiration of the initial twenty-five (25) year term hereof of its desire to negotiate with SELLER the base price for the additional five-year term. If the parties do not execute such an extension within six (6) months from said written notice, then this Agreement shall terminate at the end of the twenty-five (25) year period.

4.01 Base Price Per Ton of Coal. The Base Price per ton of coal (as specified in Section 9.01 hereof) is $30.00 for each ton shipped, effective August 1, 1976, f.o.b. railroad cars at the loading facilities near Kermit, West Virginia. It is understood that this Base Price includes any washing or other processing or quality control work at the mines necessary to meet the quality specifications hereof, any royalties which SELLER must pay on the Coal Property, any commission, fee or other charge payable to any agent or broker by SELLER on account of this Agreement, and other items as set forth below. The Base Price shall be adjusted from time to time in accordance with the provisions in Sections 4.02 through 4.08. The Base Price is further subject to the calorific and other adjustments provided for in this Agreement. "Ton" shall mean a ton of two thousand pounds avoirdupois weight.

355

4.02 Adjustment - General. The Base Price of $30.00 per ton of coal, as provided in Section 4.01, is made up of components, as set forth in Annex C, which are subject to adjustment as provided in Section 4.03 through Section 4.08 and are subject to the procedures set forth in Section 4.09.

Adjustments made in computing the Base Price shall be made to the nearest one-tenth of a cent per ton. No dispute concerning Base Price component adjustments shall in any way relieve either party of its respective obligations of performance under this Agreement based on the then existing Base Price components thereto which are not in dispute. Any Base Price component then in dispute shall be billed at the last agreed amount until such dispute is resolved and paid in accordance with Section 4.09 hereof.

4.03 Adjustments for Changes in Wages and Salaries. The Base Price stated in Section 4.01 is based in part on existing wages and salaries as of August 1, 1976. The Wages and Salaries component includes both the wages and salaries of those workers engaged in the production, preparation and shipping of coal, and the wages and salaries of the supervisory, engineering, and administrative personnel, as well as related items, including hours, overtime, and working practices.

356

The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1974 (UMWA), even though SELLER may not be a signatory party to such agreement. The Wages and Salaries component of the Base Price shall be adjusted in the following manner:

PURCHASER and SELLER agree for purposes of this Agreement that as of August 1, 1976, the Average Daily Wage Factor is $79.86 and that the Daily Production Factor is 12.4 tons per man-day when production consists of seventy-five percent (75%) deep mining and twenty-five percent (25%) surface mining, which results in a Wages and Salaries component of $6.44 per ton when the Average Daily Wage Factor is divided by the Daily Production Factor.

To reflect changes in the individual wages under the UMWA agreement, the present Average Daily Wage Factor of the Wages and Salaries component will be increased by the percentage increase or decreased by the percentage decrease in daily labor costs covered by the UMWA agreement to produce a new Average Daily Wage Factor. It is understood that these adjustments include the Quarterly Cost of Living Adjustments to the UMWA agreement. This new Average Daily Wage Factor will be divided by the current Daily Production Factor (as defined below in this Section 4.03) to produce a new Wages and Salaries component of Base Price. The Base Price will be increased or decreased by the increase or

decrease in the new Wages and Salaries component with respect to the previous Wages and Salaries component. The Daily Production Factor will be adjusted based on changes in the average daily production per man in the vicinity of SELLER's mine as published in Mineral Industry Surveys, "Coal-Bituminous and Lignite," Table 16, District 8, Southern Numbered 2. It is agreed that the Daily Production Factor to be used in this agreement, at the time of any adjustment to that factor, shall be 0.21 tons per man-day higher than a weighted average of the average tons per man per day published figure for underground mining and for surface mining, said weighted average to be based on the actual proportion of underground mining and surface mining production by SELLER under this Agreement at the time of such adjustment to the Daily Production Factor. The value of the most recent (1975) published daily production indices on December 31, 1976, for District 8, Southern Numbered 2, was 9.40 tons per man-day for underground mining and 20.57 tons per man-day for surface mining and therefore the weighted average of these indices on December 31, 1976 is 12.19 and the initial Daily Production Factor on August 1, 1976, is 12.4 tons per man-day. The adjustment of the Daily Production Factor shall be annually. In the event of the unavailability of the index published in Mineral Industry Surveys, adjustments to the Daily Production Factor shall be based upon such other index or method that is mutually agreed to.

Any adjustment to the Daily Production Factor will result in an automatic adjustment in the Wages and Salaries component of the Base Price. The then current Average Daily Wage Factor shall be divided by the new Daily Production Factor to produce the new Wages and Salaries component. The Base Price will be increased or decreased by the increase or decrease in the Wages and Salaries component as a result of this calculation.

It is recognized that the Daily Production Factor reflects in part changes in labor costs due to union impositions and changes in work rules, and government impositions. The provisions for adjustment of the Wages and Salaries component due to changes in the Daily Production Factor are intended to fully compensate SELLER for any changes in its wages and salaries due to such union impositions, changes in work rules, and government impositions contemplated in Section 4.05.

An example of the computation of price adjustment pursuant to this Section 4.03 is attached hereto as ANNEX D.

4.04 Adjustments for Changes in Fringes and Benefits. The Base Price stated in Section 4.01 is based in part on existing expenses for fringes and benefits as of the effective date of the contract. The Fringes and Benefits component includes, without limitation, current actual rates for workman's compensation and other forms of compulsory

insurance, social security, employment taxes, and including, but not limited to, payments to any Miner's Welfare Fund or equivalent benefits in the form of payments or reserves for medical, disability life insurance, dental plans, and death benefits or retirement benefits. A breakdown of the itemized Fringes and Benefits component costs is attached as Annex E.

The Base Price shall be adjusted to reflect changes in the National Bituminous Coal Wage Agreement of 1974 (UMWA). The Fringes and Benefits component of the Base Price shall be adjusted in the following manner:

PURCHASER and SELLER agree for purposes of this Agreement that as of August 1, 1976, the Average Daily Benefits Factor is $44.76 per man. The Daily Production Factor, as defined in Section 4.03, is 12.4 tons per man-day. This results in a Fringes and Benefits component of $3.61 per ton when the Daily Benefits Factor is divided by the Daily Production Factor.

To reflect changes in fringes and benefits under the UMWA agreement, the Average Daily Benefits Factor of the Fringes and Benefits component will be increased or decreased by the percentage change in average fringes and benefits covered by the UMWA agreement in the vicinity of SELLER's mine, such increase or decrease to be effective in accordance with such agreement to produce a new Average Daily

Benefits Factor. This new Average Daily Benefits Factor will be divided by the current Daily Production Factor, as defined in Section 4.03, to produce a new Fringes and Benefits component of Base Price. The Base Price will be increased or decreased by the increase or decrease in the new Fringes and Benefits component with respect to the previous Fringes and Benefits component.

It is recognized that some costs falling within the classification of Fringes and Benefits are subject to increases and decreases by state and federal laws, such as state and federal unemployment taxes and black lung disability benefits. Unless such increases or decreases are automatically reflected in the UMWA agreement, these changes will be considered governmental impositions, and will be adjusted for under Section 4.05 until such time as they are reflected in the UMWA agreement.

The Daily Production Factor will be adjusted as defined in Section 4.03. Any adjustment to the Daily Production Factor will result in an automatic adjustment in the Fringes and Benefits component of the Base Price. The present Average Daily Benefits Factor shall be divided by the new Daily Production Factor to produce the new Fringes and Benefits component. The Base Price will be increased or decreased by the increase or decrease in the Fringes and Benefits component as a result of this calculation.

It is recognized that the Daily Production Factor reflects in part changes in fringe and benefit costs due to union impositions and changes in work rules, and government impositions. The provisions for adjustment of the Fringes and Benefits component due to changes in the Daily Production Figure are intended to fully compensate SELLER for any changes in his fringes and benefits due to such union impositions and changes in work rules, as well as government impositions contemplated in Section 4.05.

An example of the computation of price adjustment pursuant to this Section 4.04 is attached hereto as ANNEX F.

4.05 Adjustment for Changes in Governmental Imposition. The term "governmental imposition," as used in this Agreement, means taxes or fees imposed by any government or governmental agency upon, or costs arising from any governmental law, rule or regulation, and administrative interpretations or implementations of such rules and regulations, affecting the production, preparation or sale of coal hereunder, including ad valorem taxes on land, improvements, machinery, and equipment. The term does not include impositions such as federal or state income taxes which are not levied upon the production, preparation or sale of coal hereunder, or any employer's Social Security or unemployment taxes which are provided for in Section 4.04.

The Base Price stated in Section 4.01 includes all costs of compliance by SELLER with the Federal Coal Mine Health and Safety Act of 1969, as now enacted and as now interpreted in regulations of the government enforcing authority, and all costs of compliance with any other mine regulatory statutes, administrative regulations and rulings, and local ordinances in effect August 1, 1976. No price adjustment shall be made under this Section for costs occasioned by any such statute, regulations, and the like in effect on August 1, 1976. Adjustments shall be made, however, for changes in costs occasioned by amendments to such statutes, administrative regulations, rulings, and administrative interpretations or implementations of such regulations and rulings, and local ordinances, now in being, as well as for costs of compliance with requirements of entirely new regulatory statutes, regulations, and the like, which are enacted or promulgated after August 1, 1976; and such adjustments also shall be made for changes in costs occasioned by compliance with final judgments, orders or decrees issued by any court of law, equity or administrative agency, which reflect new and different interpretations and implementations of law, and which are directed specifically toward and are binding upon the mine or SELLER's operation of the mine (but "changes in costs" shall not include any civil or criminal money fine or penalty imposed as the result of

failure to comply with any statute, administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, local ordinance, or judgment, order or decree of any court unless PURCHASER shall have specifically authorized the incurring of such fine or penalty).

In the event and whenever after the date hereof, any federal or state statute, administrative regulation or ruling, administrative interpretation or implementation of such rule or regulation, or local ordinance or amendment thereto removes, increases or decreases any governmental imposition, or imposes a new burden, and SELLER has given PURCHASER prompt written notice thereof, then during the period beginning twelve (12) months prior to such notice and during which such imposition, removal, increase or decrease is in effect, an adjustment to the Base Price shall be made, for the cost of such imposition, removal, increase or decrease applicable to the coal sold to PURCHASER hereunder.

PURCHASER and SELLER shall jointly estimate the cost of such imposition, removal, increase or decrease applicable to the coal sold hereunder and shall make an adjustment to the Base Price accordingly.

If any government imposition necessitates a capital expenditure or replacement thereof by SELLER, PURCHASER

shall have the option to compensate SELLER for the agreed upon amount of said expenditure immediately upon notice or to reimburse SELLER for said expenditure uniformly for up to the estimated life of such capital asset, and in the latter case PURCHASER shall pay SELLER interest on such outstanding amount owed to SELLER at the prime rate of the CITIBANK of New York City, New York. Notwithstanding the above, it is agreed that any government imposition, to the extent that its effect is to alter the average daily productivity of labor at SELLER's mine, will be completely provided for under the mechanisms of Sections 4.03 and 4.04, and the Base Price will not be subject to further adjustments under this Section 4.05 for such productivity related government impositions.

It is expressly recognized that a separate component of the Base Price of $.48 per ton represents the estimated Real and Personal Property Taxes related to the production of coal under this contract as experienced by SELLER. This component of the Base Price is a government imposition, and shall be adjusted for changes in the manner described for changes in governmental impositions in this Section 4.05.

It is also expressly recognized that a separate component of the Base Price of $1.16 per ton represents the Business and Occupation or Severance Taxes, which are

365

presently 3.85% of the selling price. This component of the Base Price, although in the nature of a governmental imposition, shall be adjusted in the manner described in Section 4.08.

4.06 Adjustment for Cost of Supplies and Materials. The Base Price stated in Section 4.01 is based in part on existing costs for supplies and materials as of the effective date of the contract. Adjustments shall be made in the Base Price hereunder to reflect changes in cost of supplies and materials occurring from the effective date of the Contract, and shall be based on changes in the Wholesale Price Index for Industrial Commodities (currently Code 2501) published monthly by the U. S. Department of Labor and subsidiaries as follows:

Index Number	Index	% of Component	Description
1192-01	Underground Mining	34	Maintenance & Repair
1081-014103	Mine Roof Bolts	17	Roof Control
112	Construction Machinery	13	Maintenance & Repair
0652-0111.05	Explosives (Ammonium Nitrate)	7	Blasting
0679-02	Explosives	1	Blasting
543-1617	Industrial Power, East South Central	5	Electric Power
061	Industrial Chemicals	5	Plant & Mine Chemicals

0573-0301.08	Diesel Fuel	5	Fuel
1331	Building Blocks	3	Ventilation
0575	Lubricating Oil Materials	4	Lubrication
08	Lumber & Wood Products	3	Lumber Products
0712-0111.05	Tires	3	Tires
	Total	100	

The Supplies and Materials component of the Base Price will be adjusted on a percentage basis of the original supplies and materials component. The percentage division of this component by indices is shown in the table above. For each index above, the percentage change in the most recent available value of said index from the level of June 1, 1976 (hereinafter called the "Base Index Number" for each item, the values of which are shown in ANNEX G) shall be determined monthly and multiplied times the applicable percentage of $6.74, such amount being the agreed per ton amount of the Supplies and Materials component of the Base Price on August 1, 1976. The total sum of such calculations for all of the indices comprising supplies and materials shall represent the change in the Supplies and Materials component since the effective date of the contract.

The Base Price shall be adjusted monthly by the difference in the Supplies and Materials component adjustment calculated above from that calculated for the previous

month. This difference shall be added to or subtracted from the Base Price to reflect this increase or decrease in the Supplies and Materials component adjustment, as the case may be.

If such Index should be discontinued or if the components of the Index or methods of computation in effect as of August 1, 1976, should be materially changed, then the adjustment will be made in accordance with some similar or comparable index of consumer prices mutually agreeable to the parties.

An example of the computation of price adjustment pursuant to this Section 4.06 is attached hereto as Annex G.

4.07 Adjustment of Gross Margin. The Base Price stated in Section 4.01 is based in part on a provision for Gross Margin. Adjustments shall be made to the Gross Margin component of the Base Price hereunder to reflect changes in the purchasing power of the dollar occurring from August 1, 1976. Such revisions in the Base Price to reflect the effects of inflation or deflation shall be based on the Consumers Price Index for All Items published by the U. S. Department of Labor, Bureau of Labor Statistics for each quarter during the term of this Agreement. The percentage change in the most recent publication of said index from the level of such index for August 1, 1976 (hereinafter called "Base Index Number" which is 171.9, 1967 = 100) shall be

determined quarterly beginning January 1, 1977, and multiplied times $8.57, such amount being the agreed per ton amount of the Gross Margin component of the Base Price on August 1, 1976. The Base Price shall then be adjusted quarterly by the difference in the new Gross Margin component adjustment calculated above from that calculated for the previous quarter. This difference shall be added to or subtracted from the Base Price to reflect the increase or decrease in the Gross Margin component adjustment, as the case may be.

If such Index should be discontinued or if the components of the Index or methods of computation in effect as of August 1, 1976, should be materially changed, then the adjustment will be made in accordance with some similar or comparable index of consumer prices mutually agreeable to the parties.

An example of the computation of price adjustment pursuant to this Section 4.07 is attached hereto as Annex H.

4.08 Adjustment for Percentage of Base Price Components: Royalty and Wheelage; Business and Occupation and Severance Taxes.

(a) Royalty and Wheelage. The Base Price stated in Section 4.01 is based in part on existing costs for royalties and wheelage as of August 1, 1976. It is agreed that the amount that PURCHASER shall pay SELLER due

to royalties and wheelage shall be set at ten percent (10%) of the Base Price. Adjustment to the Royalty and Wheelage component for changes in the Base Price shall be made monthly by the method of part (c) of this Section 4.08.

(b) Business and Occupation and Severance Taxes. The Base Price stated in Section 4.01 is based in part on existing costs for Business and Occupation or Severance Taxes as of August 1, 1976. It is understood that this Component is presently based on 3.85% of the Base Price. Adjustment to the applicable percentage rate shall be provided for under the provisions for governmental impositions in Section 4.05. Adjustment to the Business and Occupation and Severance Taxes component for changes in the Base Price shall be made monthly by the method of part (c) of this Section 4.08.

(c) Adjustment to Base Price for Percentage Components. To adjust those components which are defined to be a fixed percentage of the Base Price the following procedure shall be used. The Base Price shall first be adjusted in accordance with Sections 4.02 through 4.07 hereof. Then the adjusted Base Price shall be reduced by the current value of the fixed percentage components described in part (a) and (b) of this Section 4.08. This figure shall be divided by the figure arrived at when the applicable percentage component rates are subtracted from 100% (initially

100% - 10% - 3.85% = 86.15%) to produce the new Base Price. The corresponding adjusted percentage components can now be calculated by multiplying the applicable percentage rates by the new Base Price. For example of the computation of price adjustment pursuant to this Section 4.08 is attached hereto as Annex I.

4.09 Notice and Substantiation of Base Price Adjustment. SELLER shall promptly notify PURCHASER in writing of the amount and effective date of any claimed adjustments to the respective Base Prices, pursuant to provisions of Sections 4.02 through 4.08, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to substantiate such adjustments. PURCHASER shall have the right to audit or inspect SELLER's books or records for the purpose of evaluating such claimed adjustments. If PURCHASER protests such adjustment, PURCHASER shall have the right to obtain independent certified public accountants acceptable to both parties, to review SELLER's books and records and determine whether such adjustments have been properly computed by SELLER in accordance with the applicable provisions of this Agreement. The independent certified public accountants shall either certify to the parties that the adjustments to the Base Price have been properly computed by SELLER in accordance with the provisions of this Agreement, or shall certify what such adjustments should be.

However, the independent certified public accountants shall not interpret the words of this Agreement, and if there is disagreement between PURCHASER and SELLER as to the meaning of the applicable provisions of this Agreement, it shall be resolved by the normal methods for resolving contractual disputes. If the independent certified public accountants certify that the adjustments have been properly computed by SELLER in accordance with the provisions of this Agreement, or that any error in such adjustments was to PURCHASER's benefit, PURCHASER shall pay the charges made by such accountants in connection with such review; otherwise SELLER shall pay such charges. Such certification by the independent certified public accountants shall be binding upon the parties. If one party owes the other party an amount that that party has underpaid or the other party has overpaid as a result of the determination of a protest, then that amount shall be paid with interest computed at the prime bank rate of the CITIBANK of New York City, New York, plus one-half percent (1/2%), such interest to accrue beginning thirty (30) days from the date of the claim for adjustment.

5.01 Calorific Value Adjustment. The amount to be paid by PURCHASER for the Coal under this Agreement shall be determined upon the basis of the actual "as received" calorific value of the Coal as contained in the samples. (See

Annex K and Section 10.01 regarding sampling and analyses.) This determination shall be made as follows: "As received" calorific value shall be divided by the calorific value set out in Section 9.01 (12,000 BTU per pound). The resulting quotient ("calorific adjustment factor") shall be multiplied times the sum of (a) the respective Base Price, (b) the actual transportation costs borne by PURCHASER and (c) any applicable Georgia Sales Tax.

The product resulting from this step, less the sum of (a), (b) and (c) shall constitute a "Calorific Value Adjustment." PURCHASER shall submit to SELLER whatever computations and data are reasonably necessary to substantiate such adjustment. The amount to be paid by PURCHASER for coal purchased hereunder shall be the respective Base Price adjusted upward or downward to the nearest one-tenth of a cent by the amount of the Calorific Value Adjustment computed for the coal delivered in each calendar quarter. The Calorific Value Adjustment mechanism is further detailed and illustrated in Annex J, attached hereto and made a part hereof, and this adjustment shall be made in accordance with the said Annex J.

Within 45 days after the close of each calendar month, a report will be submitted by PURCHASER to SELLER showing the computation of adjustments required to determine the price to be paid for coal received during the preceding

billing period, in accordance with provisions in Section 4.09, this Section 5.01 and Section 10.01 hereof. Where interim billing resulted in underpayment, PURCHASER will remit the difference between the actual price that should have been paid and the interim payments. Where interim billing resulted in overpayment, SELLER shall credit PURCHASER's account with such amount of overpayment and inform PURCHASER of such credit.

5.02 Arrival Notice. Upon SELLER's request, the rail carrier will provide SELLER with a multiple copy form called an "Arrival Notice." Such form shall be prepared by SELLER to incorporate SELLER's name, shipment date, destination point, origin, Georgia Power Company contract identification, cars by initials and number, and any other applicable data which may be required. One copy of this form shall be retained by SELLER and the remaining copies transmitted to the rail carrier at the time the cars are moved. Upon delivery, the rail carrier will forward the Arrival Notice to Georgia Power Company receiving employees. These Arrival Notices will be transmitted from the respective plant to the Georgia Power Company Accounting Department for use as invoices. Payment will be made on the 20th and 28th days of each month on all coal received and processed prior to such dates.

6.01 Shipment: Tariffs. It is anticipated that coal sold hereunder ordinarily will be shipped by rail from the unit train loading facilities described herein to power generating stations of PURCHASER or other destinations within The Southern Company system specified by PURCHASER.

SELLER will provide off-main line rail trackage sufficient for efficient and dependable loading of unit trains at the Coal Property, and will be prepared to operate its loading facilities 24 hours per day, seven days per week, if needed, in compliance with the applicable tariff for shipments hereunder, when that tariff is published.

Shipment and receipt of coal under this Agreement shall be made in accordance with the tariff applicable to the destination of the shipment (the "applicable tariff"). If any applicable tariff is amended, supplemented or replaced, subsequent shipments and receipts shall be made in accordance with the terms of the applicable tariff, as amended, supplemented or replaced. Anything in this Agreement to the contrary notwithstanding, if the applicable tariff, or such tariff as amended, supplemented or replaced, imposes more onerous car-loading terms, conditions or duties on SELLER than those represented and warranted in the recitals by SELLER in this Agreement, PURCHASER shall pay SELLER the additional costs incurred by SELLER in performing such more onerous carloading terms, conditions or duties within 30 days after receipt from SELLER of a written statement

itemizing such costs (which may include SELLER's additional costs for labor, materials or amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

6.02 Freight Charges and Risk of Loss. Subject to reimbursement provided by Sections 6.03 and 6.04, PURCHASER shall pay all freight and other charges imposed by the tariff applicable to the destination of the shipment and shall bear the risk of loss of said shipment after each shipment has been loaded on railroad coal cars.

6.03 Excess Loading Costs Chargeable to SELLER. If SELLER fails to satisfy the loading requirements of the applicable tariff and such failure is not excused pursuant to force majeure as provided in Section 14.01 hereof and the applicable provision of the tariff, SELLER shall pay PURCHASER any resulting car detention penalties, demurrage or charges for cars not loaded to marked capacity which PURCHASER is required by such tariff to pay the carrier.

6.04 Excess Freight Costs Chargeable to SELLER. If SELLER fails to tender sufficient coal to satisfy the quantity requirements of Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable tariff and such failure is not excused pursuant to force majeure as provided in Section 14.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such tariff to pay the carrier over the amount of such charges otherwise payable.

6.05 Payment of Excess Cost to PURCHASER. Any payments required by Sections 6.03 and 6.04 above shall be promptly paid on receipt by SELLER of a written statement from PURCHASER itemizing such charges and showing facts necessary to permit SELLER to verify such charges. At either party's election such charges may be credited against amounts owed by PURCHASER to SELLER hereunder. Payments (or credits) occasioned by Sections 6.03 and 6.04 shall be excluded from the Calorific Value Adjustment computation (Section 5.01).

7.01 Quantity Requirements. SELLER will tender for delivery and PURCHASER will buy three hundred thousand (300,000) tons of acceptable coal from the Coal Property or other reserves of SELLER during the calendar year 1983; and one million (1,000,000) tons of acceptable coal produced from the Coal Property or other reserves of SELLER during each of the calendar years 1984 through 2008; and at least one million (1,000,000) tons of acceptable coal produced from the Coal Property or other reserves of SELLER during each calendar year of the extended term hereof, should PURCHASER elect to exercise the option described in Section 3.01 hereof. "Acceptable coal" means coal meeting the specifications of Section 9.01, subject to the variations and qualifications of Sections 11.01 and 12.01 hereof.

It is the intent of this Agreement for SELLER to mine and sell and PURCHASER to purchase twenty-five million three hundred thousand (25,300,000) tons of coal mined by

SELLER from the Coal Property or other reserves of SELLER during the calendar years 1983 through 2008, and at least five million (5,000,000) tons of coal mined by SELLER from the Coal Property or other reserves of SELLER during the extended term hereof, if the Agreement is extended according to the option described in Section 3.01 hereof. Upon notice to PURCHASER and approval by PURCHASER, SELLER may provide coal under the terms of this Agreement acquired from other sources than the Coal Property or SELLER's other reserves.

SELLER shall have the right (but not be obligated) to overship on the tons of coal in each full calendar year by an amount not to exceed 10% for each full calendar year thereof and PURCHASER will buy such additional coal under the price and terms of this Agreement. In the event SELLER has available for delivery additional quantities of coal (in excess of the 10% additional amount mentioned above) from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, upon acquiring the prior written approval of PURCHASER, such additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder. In any event during the term of this Agreement, SELLER shall give PURCHASER notice of any coal meeting the quality specifications hereunder to be mined from the Coal Property before any contract not presently in existence, having a term of one year or longer,

shall be entered into by SELLER, and SELLER further agrees that PURCHASER will be given a fair opportunity to respond with an offer, if PURCHASER so decides, before SELLER enters into any such contract.

8.01 Weighing. The weight of coal sold and delivered hereunder shall be determined from SELLER's scales or other scales approved by PURCHASER. Such scales shall be maintained and operated in accordance with procedures acceptable to PURCHASER and certified by the Southern Weighing and Inspection Bureau for a weight agreement for coal shipped hereunder. Southern Weighing and Inspection Bureau's requirements for weight agreements are based on National Bureau of Standards Handbook 44, "Specifications, Tolerances, and Other Technical Requirements for Commercial Weights and Measuring Devices."

In the absence of scale weights from SELLER, PURCHASER and SELLER will mutually agree by what means the weight of the coal sold, delivered and purchased hereunder shall be determined. Such methods as mutually agreed on shall not necessarily be the same as that required under the tariff for payment of freight.

A net weight will be determined and reported for each shipment of coal hereunder. If SELLER provides railroad track scales, the actual empty weight of the rail car rather than the empty (tare) weight stenciled on the rail

car shall be used for determination of net weight. The aggregate weights determined during any payment period shall be accepted as the quantity of coal sold and purchased during such period for which invoices are to be rendered and payments to be made.

9.01 Coal Specifications. The coal delivered by SELLER and purchased by PURCHASER hereunder shall be fully washed product, shall be three inches (3.0") and under in size, shall not contain greater than sixty percent (60%) of particles that are less than one quarter inch (1/4") in size, shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, rock, loose clay and other impurities; and shall conform to the following analysis on an "as received basis" (all percentages shown are percentages by weight):

Specification	Requirement
Moisture (total)	7% (maximum)
Ash	11.2% (maximum)
Sulfur	.60 lb. per million Btu (maximum)
Volatile	36
Ash Fusion - Reducing Softening (H=W)	2700°F (minimum)
Grindability	Greater than 40 (Hardgrove scale)
Calorific Value	12,000 Btu/lb. (guaranteed)
Fines (1/4" x 0") (maximum)	60% (maximum)

10.01 Sampling and Analyses. SELLER shall provide at the coal loading facility a mechanical sampling system of

the "cutting the full coal stream" type. The design of the sampling system shall be in accordance with American Society for Testing and Materials Standard D-2234-72 "Collection of a Gross Sample of Coal" and Standard D-2013-72 "Preparing Coal Samples for Analysis." The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing. SELLER shall submit design drawings and specifications of the sampling system to PURCHASER for approval prior to installation. PURCHASER and SELLER shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

SELLER shall collect representative samples using the mechanical sampling system as described above at the loading facility of each shipment of coal sold hereunder. The final sample of 8 mesh coal from the mechanical sampling system shall be reduced to 1000 gram laboratory samples in accordance with American Society for Testing and Materials Standard D-2013-72 "Preparing Coal Samples for Analysis," using enclosed riffles to minimize moisture loss. One laboratory sample shall be sent to PURCHASER's designated laboratory, one laboratory sample retained by SELLER for 30 days from date of shipment as a reserve sample, and additional laboratory samples analyzed by SELLER to meet his

requirements. PURCHASER or his designated representative may observe any sampling or sample preparation performed by SELLER. The laboratory sample sent to PURCHASER's designated laboratory shall be analyzed in accordance with Annex K, attached hereto and made a part hereof and the results of such analysis shall be used for adjustment of coal cost for coal quality as provided hereunder in Section 5.01. If a dispute arises between PURCHASER and SELLER over the result of such analyses, a further analysis shall be made in accordance with Annex K by an independent, qualified, commercial testing laboratory agreed upon by the parties, and the results of such further analysis shall be binding upon the parties. The cost of any such independent analysis shall be borne equally by SELLER and PURCHASER. SELLER may observe any analyses performed by PURCHASER's designated laboratory.

PURCHASER's designated laboratory may be an independent, qualified, commercial coal testing laboratory which shall analyze the coal samples sent by SELLER in accordance with Annex K. In event PURCHASER elects to employ such a commercial laboratory, SELLER shall not be liable for any costs incurred by PURCHASER except as herein provided.

11.01 Quality Variations. SELLER shall determine as soon as possible the sulfur content of each shipment of coal and shall telex the sulfur value to PURCHASER at locations designated by PURCHASER so that the sulfur content of each shipment will be available to PURCHASER prior to the arrival of the coal shipment at the generating plant.

PURCHASER may reject any shipment of coal which, on the basis of such telex notice or analysis under Section 10.01 hereof, is found to contain in excess of .60 pounds of Sulphur per one million Btu plus an acceptable laboratory variance under ASTM standards, if such variances are acceptable to the United States Environmental Protection Agency (EPA) and the State of Georgia Environmental Protection Division, or successor agencies, as satisfying new source sulfur standards in effect on August 1, 1976. However, if after a good faith effort to request such variances, they are not acceptable to the environmental agencies, PURCHASER may reject any shipment of coal which is found to contain sulfur in excess of .60 pounds per one million Btu plus whatever variance, if any, is acceptable to the environmental agencies. It is intended that any variance so allowed by the environmental agencies will not cause the sulphur specifications to be more restrictive than .60 pounds per one million Btu.

Further PURCHASER may, upon receipt of any shipment of Coal found not to comply with any of the applicable rejection points set forth below on an "as received" basis, reject such shipment.

Specification	Rejection Point
Moisture (total)	8.5% (maximum)
Ash	13% (maximum)
Volatile	25 (minimum)
Ash Fusion - Reducing	2500°F (minimum)
Softening (H=W)	
Grindability	38 (minimum)
Calorific Value	11,200 (minimum)
Fines (1/4" x 0")	60% (maximum)

If a shipment is rejected, PURCHASER shall receive a credit for freight costs to PURCHASER for such rejected shipment. After notification by PURCHASER of receipt of such coal, SELLER shall not resume shipments until coal quality has been corrected.

12.01 Cancellation of Agreement for Coal Quality Failures. Should the average quality of coal received for any 60-day period show, by analysis, failure to comply with the applicable stipulations and specifications stated in Section 9.01 of this Agreement, PURCHASER shall have the right to serve notice that shipments shall be suspended immediately. After notice of any such failure, this Agreement may be cancelled by PURCHASER in 90 days unless SELLER gives reasonable assurance within 15 days after receipt of said notice that it will and can comply with the stipulations and specifications stated in Section 9.01 of this Agreement. Such assurance may, at PURCHASER's option, be provided by means of a complying test shipment, scheduled and sampled by such method as shall be acceptable to PURCHASER, or by other means acceptable to PURCHASER. In the event PURCHASER terminates this Agreement or suspends deliveries under this Section, SELLER shall pay PURCHASER any excess freight charges thereby caused under the applicable tariff as a result of reduced shipments by SELLER to PURCHASER during the then current term of the applicable tariff.

The Agreement contained in the sentence immediately preceding this sentence is in the nature of specification of a mechanical cost adjustment, and is made without prejudice to such other rights as may be provided to either party in other portions of this Agreement and by law and equity.

13.01 Cancellation for Unremedied Default. In the event of the failure of either party to comply with any material obligation in good faith, herein set forth, either party shall have the right to terminate this Agreement at any time by giving to the other 120 days' notice in writing of its intention so to do, specifying the default complained of and, at the expiration of said 120 days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith. This right shall be in addition to the rights provided to either party in other portions of this Agreement and by law.

14.01 Force Majeure. "Force Majeure" as used herein shall mean a cause reasonably beyond the control of the SELLER or PURCHASER, as the case may be, which wholly or in substantial part prevents the completion of construction of the processing or loading facilities, the mining, loading or delivery of Coal at or from the Coal Property, or the unloading, storing or burning of Coal by PURCHASER at its destination. Examples (without limitations) of force majeure,

but only if reasonably beyond the control of the SELLER or PURCHASER, as the case may be, are the following: acts of God; acts of the public enemy; insurrections; riots, strikes; labor disputes; work stoppages; fires; explosions; floods; electric power failures; interruptions to or contingencies of transportation; embargoes; and orders or acts of civil (including, without limitation, a city or county ordinance, an act of a state legislature and an act of the United States Congress) or military authority. In the event force majeure prevents the unloading, storing or burning Coal by PURCHASER at the destination or destinations to which the coal is then being shipped, PURCHASER shall consider what steps can be taken in the transportation and utilization of the particular coal affected, including diversion of the coal to other of its plants or facilities so as to allow the coal to be used by PURCHASER, and if such steps can be accomplished without unreasonable additional expense, PURCHASER shall promptly take such steps.

PURCHASER and SELLER recognize that environmental restrictions (including air quality considerations) may prevent the purchasing or burning, without substantial additional expense, of coal hereunder by PURCHASER at Plant Scherer and its other plants. If any such restriction so prevents the burning of coal by Plant Scherer, PURCHASER shall consider what steps can be taken in the handling,

transportation and utilization of such coal, including diversion of such coal to other of its plants so as to allow such coal to be used by PURCHASER and if such steps can be accomplished without unreasonable additional expense, PURCHASER shall take such steps, and this Agreement shall continue in full force and effect. If such steps will not permit the burning of such coal, SELLER, at its option, shall have the right to take any steps available to it in the mining and processing of the affected coal that will permit such coal to be burned by PURCHASER free of such restrictions and hindrance or to supply PURCHASER with a suitable substitute coal that can be so burned without change to PURCHASER's facilities; but in either such event the price of such coal shall be adjusted by mutual agreement to compensate SELLER for additional expense incurred in supplying such coal, but nothing contained in this sentence shall be deemed to require the increase of the price of such coal beyond the cost of other suitable coal reasonably available to PURCHASER. In the event that such restrictions are not avoided by either PURCHASER or SELLER as hereinabove provided, then the enforcement of such restrictions shall constitute an event of force majeure which shall operate to suspend all of PURCHASER's or SELLER's obligations under this Agreement.

If cost adjustments resulting from changes which would be required to meet governmental impositions hereafter suffered that arise from or relate to environmental restrictions would be such as to make the delivered cost of the Coal to be sold to PURCHASER hereunder materially higher than the delivered cost of similar coal produced in similar quantities under similar terms and conditions as this Agreement, in Kentucky or West Virginia then reasonably available to PURCHASER, and SELLER will not otherwise voluntarily adjust the existing billing price in question to a mutually acceptable level, then such impositions shall be considered to constitute force majeure within the terms of this Section 14.01.

If because of force majeure either PURCHASER or SELLER is unable to carry out its obligations under this Agreement, and if such party promptly gives the other party hereto written notice of such force majeure, the obligations and liabilities of the party giving such notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such force majeure; provided, however, that the diabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes or terminate any of its own lockouts in its sole discretion).

388

If cost adjustments resulting from changes which would be required to meet governmental impositions hereafter suffered that arise from or relate to environmental restrictions would be such as to make the delivered cost of the Coal to be sold to PURCHASER hereunder materially higher than the delivered cost of similar coal produced in similar quantities under similar terms and conditions as this Agreement, in Kentucky or West Virginia then reasonably available to PURCHASER, and SELLER will not otherwise voluntarily adjust the existing billing price in question to a mutually acceptable level, then such impositions shall be considered to constitute force majeure within the terms of this Section 14.01.

If because of force majeure either PURCHASER or SELLER is unable to carry out its obligations under this Agreement, and if such party promptly gives the other party hereto written notice of such force majeure, the obligations and liabilities of the party giving such notice and the corresponding obligations of the other party shall be suspended to the extent made necessary by and during the continuance of such force majeure; provided, however, that the diabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes or terminate any of its own lockouts in its sole discretion).

388

Subject to the provisions of Section 14.01 hereof, if (a) a condition of force majeure occurs, (b) mutual obligations are suspended as contemplated by the paragraph next hereinabove, (c) such condition (alone or extended by other conditions of force majeure) continues so that the mutual obligations remain suspended for a period of six months, and (d) at the end of said six months or at any time thereafter either party, in the exercise of reasonable judgment, concludes that there is no likelihood of ending the condition(s) in the immediate future, then either party may terminate this Agreement without liability to the other party by giving to the other 90 days' notice in writing of its intention to terminate.

In the event SELLER is prevented, in whole or in part, from producing, processing or shipping Coal hereunder due to force majeure circumstances described above, deficiencies in shipment so resulting may be added to subsequent shipments of like coal if SELLER is requested to do so by PURCHASER but only to the extent that SELLER determines that it is able to produce, process and ship additional like coal in accordance with its normal operating and shipping schedule. To the extent that SELLER determines that it can produce, process, and ship additional like coal only on the basis of premium time or overtime operations, SELLER shall use its best efforts to do so but only upon the written

request of PURCHASER, in which event additional costs incurred by SELLER shall be for the account of PURCHASER.

Notwithstanding the definition of the term force majeure above, no cause shall excuse SELLER from full performance of its obligations under Sections 6.03 and 6.04 hereof unless the cause is one which is an event of force majeure under the provisions of the applicable tariff and applicable supplements thereto, and for the purpose of Sections 6.03 and 6.04 the construction, interpretation and application of the applicable tariff force majeure provisions made by the responsible official of the origin rail carrier (subject to administrative or judicial challenge by SELLER, at its expense, with PURCHASER's cooperation) shall be binding upon the parties for these purposes.

It is agreed that in the event that any valid act, law, ordinance or regulation of a county, state or the United States government is adopted or passed after the date of this Agreement, which (a) directly prohibits the mining of Coal as contemplated hereunder, or (b) imposes restrictions upon the burning or use of such Coal by PURCHASER to the extent that PURCHASER is unable to utilize such coal in its electric generating plants, then the existence and implementation of such act, law, rule or regulation shall constitute an instance of permanent force majeure whereupon this Agreement may be terminated by the party so affected.

15.01 Reviews.

(a) Escalation: Ninety (90) days prior to the end of the fifth year of operation under this Agreement, and ninety (90) days prior to the end of each subsequent fifth year of operation hereunder, the parties agree that they shall consider whether the specified components (for example, supplies) in the Base Price Adjustment provisions of this Agreement (Sections 4.02 through 4.09) are required to be adjusted, on an equitable basis, because of the occurrence, after the effective date of this Agreement, of material unforeseen events or changed conditions. No revision to such components shall be made unless it is found that the existing component provisions are causing a substantial inequity to one of the parties. For the purpose of this review and adjustment, the parties shall give no consideration to general market conditions, such as then prevailing oil, gas, or coal prices, and no inequitability shall be deemed to arise on account of such general market conditions or changes therein. The parties shall use their best good faith efforts to arrive at mutually agreeable revisions to such components, if any, in the Base Price Adjustment provisions. Any revisions to such Base Price Adjustment provisions shall be effective beginning with the first day of the next year of this Agreement following each such fifth year, and shall continue thereafter until further adjustments may occur.

(b) Base Price: Ninety (90) days prior to the end of the fifth year of operation under this Agreement, and ninety (90) days prior to the end of each subsequent fifth year of operation hereunder, the parties agree that they shall consider whether the respective Base Price provisions of this Agreement (Section 4.01) must be adjusted, on an equitable basis, because of the occurrence, after the effective date of this Agreement, of material unforeseen events or changed conditions. No revision to such respective Base Prices shall be made unless it is found that the respective existing Base Price is causing a substantial inequity to one of the parties. For the purpose of this review and adjustment, the parties shall give no consideration to general market conditions, such as then prevailing oil, gas or coal prices, and no inequitability shall be deemed to arise on account of such general market conditions or changes therein. The parties shall use their best good faith efforts to arrive at mutually agreeable revisions to such respective Base Prices, if any. Any revisions to the Base Price provisions shall be effective beginning with the first day of the next year of this Agreement following each such fifth year, and shall continue thereafter until further adjustments may occur.

(c) If, after negotiating in good faith for a period of six (6) months, the parties are unable to agree on any revisions under Sub-Sections 15.01 (a) and (b) above,

then this Agreement shall continue for one year thereafter and shall then terminate.

16.01 Independent Contractor. This is an Agreement for the purchase and sale of coal in which the parties recognize and agree that SELLER is not an agent or employee of PURCHASER but is independent of any managerial or other control or direction by PURCHASER in its work hereunder, and is free to perform, by such means and in such manner as SELLER may choose, all work in pursuance of commitments hereunder.

17.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 18.01 hereof.

18.01 Assignments. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party; provided, however, that consent shall not be required for SELLER to assign, pledge or hypothecate this contract purely for financing purposes and without relinquishing or in any way transferring its own performance obligations under the contract. Without assigning this Agreement or any rights or obligations hereunder and without relieving the PURCHASER of any of its performance obligations hereunder, the PURCHASER shall have the right to sell all or any portion of the coal

under this Agreement at any time during the primary term or one or both extended terms. PURCHASER may, without consent of SELLER, assign all or any portion of this Agreement to any company within The Southern Company System and may exercise its right to direct coal shipments to itself or to other destinations within The Southern Company System under Section 6.01 without consent of SELLER.

19.01 Right of Inspection; Accounting. SELLER shall keep accurate books and records relating to the sale of coal to PURCHASER and hereunder in accordance with sound and accepted accounting principles and shall make such reports as have been specified by PURCHASER or reasonably requested by PURCHASER. SELLER shall also preserve in orderly manner the records supporting all charges hereunder and shall make such records available to PURCHASER, its accountants, auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine such books and records. PURCHASER and its designated representatives shall also at all reasonable times have the right and privilege of visiting and inspecting the site of the work of SELLER and the facilities, equipment and operations of the SELLER hereunder.

20.01 Arbitration. In the event of any dispute, difference of opinion or controversy between the parties as to any question of fact which may arise under this

Agreement, and in the event of any failure or inability of the parties to arrive at a mutual agreement with respect to matters provided to be mutually agreed upon between the parties herein (except review under Section 15.01) either party shall have the right to request arbitration by giving written notice thereof to the other party, in which event each party agrees to appoint a competent and reasonable person skilled in the subject matter of the issue in dispute as an arbitrator. Should either party fail to appoint an arbitrator within ten (10) days after giving or receiving such written notice, an arbitrator for such party shall be appointed by the person who is then acting as Senior Judge of the United States District Court for the Northern District of Georgia in the manner hereinafter provided. If, within a reasonable time, the two arbitrators are unable to agree as to the determination of the questions submitted to them, they, within ten (10) days after such inability to agree becomes apparent, shall appoint a third arbitrator and the decision of the majority shall be final and binding on the parties hereto as to such matters that are submitted and determined by the arbitrators. Should the two arbitrators be unable to agree within such ten (10) day period upon a third arbitrator, then upon the election of either SELLER or PURCHASER, the person who is then acting as Senior Judge of the United States District Court for the Northern District

of Georgia, shall, upon the application of either party, have the power to appoint an arbitrator (or arbitrators in the event any appointee of such judge fails to serve), such arbitrator or arbitrators to be competent persons skilled in the subject matter of the issue in dispute to make such determination. Five (5) days' written notice of the application to such judge shall be given to the other party by the party making such application. The reasonable compensation of any arbitrators not in the employ of or designated by the respective parties and the cost of the arbitration shall be paid jointly by the parties to this Agreement. In each instance the decision of a majority of the arbitrators shall be final and binding as to such matters as are submitted to and determined by them. Each party hereto shall have full rights of discovery during such arbitration.

21.01 Waiver. The failure of either party to insist on strict performance of any provisions of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or right.

22.01 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

23.01 Notices. Any notice, request, protest, consent, demand, report or statement given by one party to

the other shall be in writing and deemed duly received 72 hours after it is deposited in the United States mails, by registered mail, postage prepaid, and properly addressed as follows:

(a) If the notice is to PURCHASER, to:

Director, Fuel
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Telex No. 870-733-3710

and:

Senior Vice President, Power Supply
Georgia Power Company
P. O. Box 4545
Atlanta, Georgia 30302

Telex No. 810-751-8437

(or to such other person or address as PURCHASER shall have designated by due notice to SELLER).

(b) If the notice is to SELLER, to:

(or to such person or address as SELLER shall have designated by due notice to PURCHASER).

24.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

25.01 Applicable Law. All questions relating to execution, construction, performance, or breach of this Agreement shall be resolved under the laws of the State of Georgia.

28.01 Joint and Several Liability of SELLER. The obligations and liabilities of SELLER hereunder shall be joint and several obligations and liabilities of A. T. Massey Coal Company, Inc. and Marrowbone Development Company.

29.01 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, all as of the date and year first above written.

GEORGIA POWER COMPANY

ATTEST:

C. L. Patterree
Assistant Secretary

By: W E Ehrensperger
Senior Vice President,
Power Supply

Date Executed: 3/31/77

A. T. MASSEY COAL COMPANY, INC.

ATTEST:

Wm. Blair Massey

By: P. Morgan Massey
Its: President

Date Executed: _____

MARROWBONE DEVELOPMENT COMPANY

ATTEST:

Wm. Blair Massey

By: John H. Smith
Its: President

Date Executed: 3/25/77

ANNEX B

MINING PLAN AGREEMENT

A. T. MASSEY COAL COMPANY, INC.

POST OFFICE BOX 26765
4 NORTH FOURTH STREET
RICHMOND, VIRGINIA 23261
(804) 788-1800

January 3, 1977

Mr. William B. Reed
Executive Vice President
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Dear Mr. Reed:

In consideration of the fact that Georgia Power Company, A. T. Massey Coal Company, Inc., and Marrowbone Development Company are presently negotiating for the development and purchase of up to thirty (30) million tons of coal for a term of up to thirty (30) years from the Marrowbone property in Mingo County, West Virginia, by the deep and surface mining methods; the following Agreement is proposed:

During the period of negotiation, as hereinafter set out, between A. T. Massey Coal Company, Inc., Marrowbone Development Company, Southern Company Services, Inc., and Georiga Power Company, Marrowbone will continue to exercise due diligence to carry out further exploration of its coal properties and the preparation of a proposed mining plan for such property in order that it can satisfy Southern that sufficient coal reserves of suitable quality are available to meet both the proposed contract with Georgia Power and Marrowbone's existing commitment to Carolina Power & Light Co. and that system of mining can be arrived at to meet the requirements of the proposed Georgia Power contract and said existing contract.

The mining plan being prepared will include, among other items, the following: (i) the cost of the mines on the Coal Property, and the estimated cost of constructing mines on the Coal Property; (ii) sufficient data, including test hole drilling and other prospecting to establish the proven reserves of coal recoverable by the mining methods that are to be employed in the production of coal for both the existing contract and the proposed contract with Georgia Power. In addition to the above, Marrowbone will furnish plans for and commitments to construct facilities necessary and appropriate for the development of the Coal Property and the production and preparation of coal in sufficient quantities and quality to fulfill both the existing contract and the proposed contract with Georgia Power which plans shall include unit train loading

400

facilities and spur track and side track for loading and delivery to the rail carrier for such coal.

Marrowbone within one (1) month from the date hereof will prepare and submit such plan or plans to Southern. Southern shall have the right to review such plan or plans both individually and consult with third parties, if deemed necessary for Southern. However, any such plan or information submitted shall be treated as confidential by Southern and any party with whom it might consult.

Southern can, from those plans, determine to its own satisfaction whether or not Marrowbone's exploration of its coal reserves reveals (a) coal in quantities and with quality characteristics to meet Georgia Power's requirements as set forth in the draft of the proposed contract dated October 13, 1976, and (b) that no material deficiencies exist in the plan for mining. Southern shall have two (2) months from receipt of such plans to determine whether or not Marrowbone's reserves and mining plan are acceptable to it. Should Southern find Marrowbone's plans deficient and so notify Marrowbone in writing of any deficiencies, Marrowbone may elect to attempt to remedy or not remedy such deficiencies within one (1) month after receipt of such notice. Marrowbone shall, within one (1) week after receipt of any written notice of deficiency, advise Southern whether or not if will or will not attempt to remedy any deficiencies specified. Election by Marrowbone not to remedy any such deficiencies so specified shall terminate the rights and obligations of the parties.

During the period of time from the date of this letter until such notice from Southern as to acceptance of plan or rejection for deficiencies, neither Marrowbone nor Massey will sell, exchange, convey or transfer the Coal Property nor negotiate or otherwise deal with any persons with respect thereto in any manner which would by law or contractually reduce the recoverable coal in said Coal Property to an amount less than that required to meet said existing contract and the proposed contract with Georgia Power.

Massey and Marrowbone, however, reserve the right to conduct preliminary negotiations with other customers in regard to the reserves being considered by Southern for Georgia Power during the period of time Southern is considering the plans submitted to it, but during such period neither Massey nor Marrowbone will enter into any firm or binding contract which

would in any way impair the reserves which are the subject of this letter.

Should negotiations now being conducted by Georgia Power, Southern, Massey and Marrowbone terminate prior to Marrowbone's furnishing such plan or prior to Southern's notification of acceptance or rejection of such plan, then this Agreement shall likewise terminate and be of no further effect thereafter.

Georgia Power does not make any representations with respect to the purchase of coal other than those that may appear in any separate signed document that may be negotiated. Acceptance by Southern of the mining plan before a coal purchase agreement is signed by the parties herein does not obligate Georgia Power to purchase coal or to enter into a coal purchase agreement.

Notwithstanding anything to the contrary, this Agreement shall terminate no later than three (3) months from the date hereof except that by mutual agreement between the parties, this Agreement may be extended beyond said three (3) months period.

Rejection of mining plans by Southern or election by Marrowbone not to remedy any deficiency under the terms of this Agreement shall terminate the rights and obligations of the parties herein.

If the above meets with your approval, please sign, or have signed, the attached copy and return to me.

Sincerely,

A. T. MASSEY COAL COMPANY, INC.

By: _____
President

SOUTHERN COMPANY SERVICES, INC.

By: _____

EMM:sst
cc: John W. Smith
Wynston Holbrook

402

A. T. MASSEY COAL COMPANY, INC.

POST OFFICE BOX 26765
4 NORTH FOURTH STREET
RICHMOND, VIRGINIA 23261
(804) 788-1800

February 3, 1977

Mr. Robert Bland
Coal Procurement Agent
Fuel Department
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

RE: Marrowbone Development Company - Georgia Power Company Contract - Reserves and Mining Plan

Dear Bob:

Pursuant to our telephone conversation on February 1, 1977, this is to confirm our agreement that the termination date of the January 3, 1977, letter to William B. Reed, Executive Vice President, Southern Company Services, Inc., is extended for three (3) months from the date of this letter. As Wyn and I mentioned to you, our problem is the variations in sulphur analysis of the same sample. For your information, I am enclosing a copy of the analysis performed by Paul Litz dated January 25, 1977.

From Mr. Litz's report, you will observe the swing of 0.14 per cent. The sample was made from coal from the area where Marrowbone is presently mining which is the area indicated as having the highest sulphur.

We are also checking variations of analysis between two different laboratories. We feel we should have a better understanding of what is causing not only the variation in the same lab but also the variations between labs. Because of the rejection language in the contract, this point is critical from our point of view.

From my poll of the different persons involved in the contract, everyone is in favor of the language as it now stands subject to something being worked out in regard to our determinations of sulphur variations and conclusions and perhaps one other point. The "other point" is found on page 36, in the first paragraph.

403

Our understanding is that the coal to be sold by Marrowbone is scheduled for Scherer plant. We assume that Scherer is being designed to take the Marrowbone coal, particularly in regard to the precipitators, or method of handling sulphur emissions.

As the language now reads, the restrictions which would prevent the burning of the coal is the restrictions applicable to the plant or plants then receiving the coal and the plant or plants would not necessarily have to be the Scherer plant. On this point, we feel we should have first call on the Scherer plant if the Scherer plant can burn the coal notwithstanding the fact the coal is being shipped to another plant or plants and which plant or plants have had the restrictions placed thereon which prevents the burning of the coal.

Also, in regard to testing for sulphur, the Eschka Mixture ASTM method does not consider chlorine content which will read as sulphur nor does this test require a chlorine determination pre sulphur analysis. Perhaps a chlorine test should be required when the analysis shows a rejection point to eliminate the possibility that chlorine is influencing the sulphur content determination.

Marrowbone and the IMEC lab are giving concentrated consideration to the sulphur analysis problem and I am sure will have something to offer on this point very soon.

Best wishes to you.

Very truly yours,

Paul S. Barbery
Vice President & Corporate Counsel

PSB:sst

Enclosure

cc: Wynston D. Holbrook
John W. Smith
O. B. Bucklen
E. Morgan Massey

ANNEX C

BASE PRICE COMPONENTS

Wages and Salaries	$ 6.44
Fringes and Benefits	3.61
Supplies and Materials	6.74
Royalty and Wheelage	3.00
Gross Margin	8.57
Real and Personal Property Taxes	.48
Business and Occupation and Severance Taxes	1.16
	$ 30.00

ANNEX I

(Reference to Section 4.03)

Adjustment for Changes in Wages and Salaries

Note: Figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the index.

Average Daily Wage Factor -	$80.00
Daily Production Factor	12.42 Tons Per Man Day
Wages & Salary Component	$ 6.44
UMWA Current Daily Labor Cost	$74.00
UMWA New Daily Labor Cost	$77.00

$\frac{\$77 - 74}{\$74} = \frac{\$3}{\$74} = .0405$ 4.05 Percent change in Daily Labor Costs covered by the UMWA Agreement

4.05% x $80 = $3.24 Increase in Daily Wage Factor

$3.24 + $80 = $83.24 New Average Daily Wage Factor

$\frac{\$83.24}{12.42} = \$6.70$ New Wages & Salary Component

$6.70 - 6.44 = $.26 Increase to Wages & Salaries Component of the Base Price

Adjustment of Daily Production Factor

12.0 New Daily Production Factor as determined by movement in the index identified in Section 4.03

$\frac{\$83.24}{12.0} = \$6.94$ New Wages & Salary Component

$6.94 - 6.70 = $.24 Increase to Wages & Salaries Component of the Base Price after adjustment of the Daily Production Factor

ANNEX E

FRINGES & BENEFITS

BREAKDOWN OF FRINGES AND BENEFITS COMPONENT
AS OF THE EFFECTIVE DATE OF THE AGREEMENT

Type Benefit	$/Man Day	
Governmental Type:		
Workmen's Compensation	8.68	
Social Security	3.63	
Unemployment	0.49	
Sub Total		12.80
UNWA Type:		
Holiday Sick Pay & Vacation Pay	8.68	
Dental & Medical	5.15	
Pension	4.35	
Life Insurance & Disability	0.70	
Bonus	13.08	
Sub Total		31.96
Total		44.76

ANNEX F

(Reference to Section 4.04)

Adjustments for Changes in Fringes and Benefits

Note: Figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the index.

Average Daily Benefits Factor Not subject to Governmental Imposition*	$27.95
Daily Production Factor	12.42 Tons/Man Day
Fringes and Benefits Component Not subject to Governmental Imposition*	$ 2.25
USWA Current Fringes & Benefits Costs	$43.50
USWA New Fringes & Benefits Costs	$44.50

$\frac{\$44.50 - 43.50}{\$43.50} = \frac{\$1}{\$43.50} = .023$ 2.3 Percent change in Fringes & Benefits Costs covered by the USWA Agreement

2.3% X $27.95 = $.643 Increase in Daily Benefits Factor

$.643 + 27.95 = $28.59 New Average Daily Benefits Factor

$\frac{\$28.59}{12.42}$ = $2.30 New Fringes & Benefits Component

$2.30 - 2.25 = $.05 Increase to Fringes & Benefit Component of the Base Price

Adjustment of Daily Production Factor

12.0 New Daily Production Factor as determined by movement in the index identified in Section 4.03.

$\frac{\$28.59}{12}$ = $2.38 New Fringes and Benefits Component

$2.38 - $2.31 = $.07 Increase to Fringes and Benefits Component of the Base Price after adjustment of the Daily Production Factor

*It is recognized that some costs falling within the classification of Fringes & Benefits are subject to increases and decreases by state and federal laws. These costs are generally recognized in Section 4.04 and are adjusted by Section 4.05.

ANNEX G

(REFERENCE TO SECTION 4.06)

COMPUTATIO' FOR ADJUSTMENT
FOR CHANGES IN COST OF SUPPLIES AND MATERIALS

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the Wholesale Price Index.

Index Number	Index	% of Component	Description	June 1, 1976 Index Level	Percentage Division
1192-01	Underground Mining	34	Maintenance & Repair	224.2	76.2
1081-014103	Mine Roof Bolts	17	Roof Control	149.2	25.4
112	Construction Machinery	13	Maintenance & Repair	197.9	25.7
0652-0111.05	Explosives (ammonium Nitrate)	7	Blasting	125.5	8.8
0679-02	Explosives	1	Blasting	183.7	1.8
543-1617	Industrial Power, East South Central	5	Electric Power	197.3	9.9
061	Industrial Chemicals	5	Plant & Mine Chemicals	218.2	10.9
0573-0301.06	Diesel Fuel	5	Fuel	267.1	13.4
1331	Building Blocks	3	Ventilation	171.5	5.1
0575	Lubricating Oil Materials	4	Lubrication	255.8	10.2
08	Lumber & Wood Products	3	Lumber	199.8	6.0
0712-0111.05	Tires	3	Tires	176.2	5.3
	TOTAL	100	BASE COMPOSITE WEIGHTED INDEX		198.7

	July 1976	Percentage Weight	
1192-01	228.8	34	77.79
1081-014103	150.6	17	25.60
112	199.8	13	25.97
0652-0111.05	125.4	7	8.78
0679-02	186.7	1	1.87
543-1617	200.5	5	10.03
061	219.2	5	10.96
0573-0301.08	268.6	5	13.43
1331	174.3	3	5.23
0575	255.8	4	10.23
08	203.7	3	6.11
0712-0111.05	178.4	2	3.35
		100	201.35

Description	Base Number Actual June 1, 1976	Index at July 1, 1976
Composite Weighted Index	198.7	201.4

Percentage Increase = $\frac{201.4 - 198.7}{198.7}$ (100) = 1.36%

Current Supplies and Materials Component = $6.74

Increase in Supplies and Materials Component of Base Price:

.0136 x $6.74 = $0.091

Adjustment to be added to Base Price after September 1, 1976.

$0.091 Per Ton

ANNEX X

(REFERENCE TO SECTION 4.07)

CALCULATION OF ADJUSTMENT FOR CHANGES IN GROSS MARGIN

NOTE: All figures used are hypothetical and for illustration purposes only and are not meant to accurately predict changes in the Consumers Price Index.

Description	Base Index Number January 1, 1977 (1967=100)	Index at April 1, 1977
Consumers Price Index	180	190

Percentage Increase = $\frac{190-180}{180}$ = 5.55%

Current Gross Margin Component = $8.57

Increase in Gross Margin component of the Base Price:

$.0555 x $8.57 = $0.476

New Gross Margin Component = $9.046

Adjustment to be added to Base Price after April, 1977:

$0.476 per ton

ANNEX I

(Reference to Section 4.08)

COMPUTATION OF ADJUSTMENTS FOR BASE PRICE PERCENTAGE COMPONENTS

NOTE: Figures used are hypothetical and for illustration purposes only.

Current Base Price	$30.00
Current Royalty and Wheelage Component (10%)	3.00
Current B&O and Severance Tax Component (3.85%)	1.16
Total Current Fixed Percentage Components	4.16
Adjusted Base Price (for adjustments under Sections 4.02 through 4.07)	33.00
Adjusted Base Price less Current fixed Percentage Components	28.84

New Base Price = $\frac{\$28.84}{86.15\%}$ = $33.476

New Royalty and Wheelage Component = $33.476 x 10% = $ 3.348

New B&O and Severance Tax Component = $33.476 x 3.85% = $ 1.289

ANNEX J

(REFERENCE TO SECTION 5.01)

COMPUTATION OF CALORIFIC VALUE ADJUSTMENT TO THE BILLING PRICE

This adjustment is to vary the amount per ton to be paid by Purchaser for coal delivered in each month as a result of the extent by which the calorific value of such coal is greater than or is less than 12,000 Btu per pound of coal as if set forth in Section 9.01 of the Agreement. The per ton amount of this adjustment is leveraged to give a proportionately greater premium in the amount per ton to be paid for calorific values averaging more than 12,000 Btu and also a greater penalty in the form of a negative adjustment for coal averaging less than 12,000 Btu. This leveraging effect is incorporated herein by including in the computation of the adjustment not only the Billing Price but also the actual transportation costs born by Purchaser as provided for in Section 5.01.

Determination of the Calorific Value Adjustment is made as follows:

Item	(x) Base Factor At the Specification Calorific Value of 12,000 BTU/lb	(y) (Hypothetical Months) At a month's Calorific Value of 12,200 BTU/lb	(z) (Hypothetical Months) At a month's Calorific Value of 11,800 BTU/lb
1. Per ton-Billing Price	$ 30.00	$ 30.00	$ 30.00
2. 3% Sales Tax	.90	.90	.90
3. Billing Price plus Sales Tax	30.90	30.90	30.90
4. Per ton-Purchaser's transportation Cost	10.00	10.00	10.00
5. Total Purchaser's Delivered Cost Per Net Ton including Sales Tax	40.90	40.90	40.90
6. Calorific BTU value per pound	12,000	12,200	11,800
7. Calorific Adjustment fraction		$\frac{12,200}{12,000}$	$\frac{11,800}{12,000}$
8. Calorific Adjustment factor		1.017	.983
9. Calorific value Adjustment (5 x 8) - 5		.695	- .695
10. Amount per ton to be paid by Purchaser (1 + 9)		$ 30.695	$ 29.305

Figures used in columns (x), (y) and (z) of items 1 through 6 are purely hypothetical and are used for illustrative purposes only.

ANNEX K

LABORATORY PROCEDURES

(a) Air Drying - Laboratory Sample

The sample (including container with lid and pan) will be weighed on a balance with a sensitivity of not less than 0.5 grm. The coal will be spread out to a depth of not more than one inch high in a non-corroding pan with sides not more than 1.5 inches high. The pan with the coal, container and lid will be placed in an air-drying oven with a temperature of 0-15° C above room temperature and will be air-dried until the loss in weight is not more than 0.1% in one hour. Before final weight is taken, air will be circulated through the oven with heat turned off for at least two hours and the coal then removed to the sample preparation area so that the temperature and condition of the coal will be in equilibrium with the air in the room where further sample preparation is to be done. The weight of the coal plus container and lid will be recorded and the air-drying loss will be calculated as follows:

$$\% \text{ Air Drying Loss} = \frac{W_1 - W_2}{W_1 - W_3} \times 100$$

Where W_1 = West weight of coal + pan + container + lid

W_2 = Air dry weight of coal + pan + container + lid

W_3 = Weight of empty pan + container + lid

(b) Residual Moisture

A residual moisture sample of from 50 to 100 grams will be divided out by riffling, using an enclosed riffle, with 24 three-eights inch divisions, from the air dried U.S. No. 8 coal. This will be placed in an air-tight bottle and mixed on wheel mixer. As an alternate to riffling, the 50 to 100 gram sample will be secured by taking small spoonfuls from the air-dried coal spread out over the pan.

The residual moisture in the air-dried coal will be determined by weighing on an analytical balance approximately 10 grams of coal to an accuracy of ± 1 Mg. into a tared aluminum box (approximately 75 mm in diameter and 19 mm in height) which has been previously dried, cooled in a desiccator and then tared. This will be placed in a box type, forced air oven similar to Thelco Oven Model No. 18, Fisher Isotemp or equivalent, maintained at a temperature of 104-110° C for a period of one and one-half hours. The lid will be placed on the box, removed from the oven and placed in a desiccator containing indicating grade aluminum oxide for about thirty minutes or until cool before weighing on an analytical balance. The percent loss in weight will be the residual moisture.

(c) Total Moisture Calculation

% Total Moisture =

$$\frac{(100\% - \text{Air Drying Loss}) \times \text{Residual Moisture}}{100} + \text{Air Drying Loss}$$

(d) Pulverizing - Laboratory Sample

The entire sample left after the residual moisture has been removed will be reduced in an enclosed pulverizer (Holmes design or equivalent) to approximately U.S. No. 60. The sample will be divided to a minimum of 50 grams by riffling, using an enclosed riffle with 24 three-eighths inch divisions. The minimum of 50 grams will be screened on a U.S. No. 60 Sieve; any oversize will be crushed in an agate mortar or equivalent to pass the U.S. No. 60 Sieve and will be put back with that passing the No. 60 Sieve. The sample will be placed in an air-tight bottle and mixed for a minimum of fifteen minutes on a wheel mixer. The sample will then be ready for the laboratory determinations.

(e) Moisture - U.S. No. 60 Sample

The moisture in the U.S. No. 60 coal will be determined on approximately one gram in a porcelain capsule 7/8" in depth and 1-3/4" in diameter. A well fitting aluminum cover will be provided for covering the capsule during weighing and after drying. Approximately one gram of coal will be weighed to an accuracy of ± 0.5 Mg. in the capsule which has been previously dried, cooled in desiccator and then tared. The capsule (with lid off) containing the coal

will be dried in a box type oven with forced air circulation, similar to Thelco Oven Model 18, Fisher Isotemp or equivalent, maintained at a temperature of 104-110° C for one hour. The lid will be placed on the capsule, the covered capsule will be removed from oven and placed in a desiccator containing indicating grade aluminum oxide for about thirty minutes, or until cool before weighing. The percent loss in weight will be the percent moisture in the U.S. No. 60 coal.

(f) Ash

For the ash determination, the porcelain capsules containing the dried coal from the 60 mesh moisture determination will be placed in a cold electric muffle furnace and the temperature gradually raised to 700-750° C at a rate to avoid mechanical loss from too rapid expulsion of volatile matter. The ignition will be finished to constant weight (+0.001 g) at a temperature of 700-750° C. The capsule containing the ash will be placed in the desiccator and weighed as soon as cold.

(g) Volatile Matter

Volatile matter, when required, will be determined by the method in ASTM Designation D-3175-73. The Fieldner electric type furnace will be used.

(h) Calorific Value

The gross calorific value (gross heat of combustion) in British thermal units (Btu) will be determined using a calorimeter for which radiation corrections are determined or the Parr Adiabatic Calorimeter or equivalent in ASTM Designation D-2015-66.

(i) Sulfur

Sulfur will be determined by the methods in ASTM Designation D-3177-75.

(j) Ash Softening Temperature

The ash softening temperature will be determined by the methods in ASTM Designation D-1857-68.

(k) Grindability

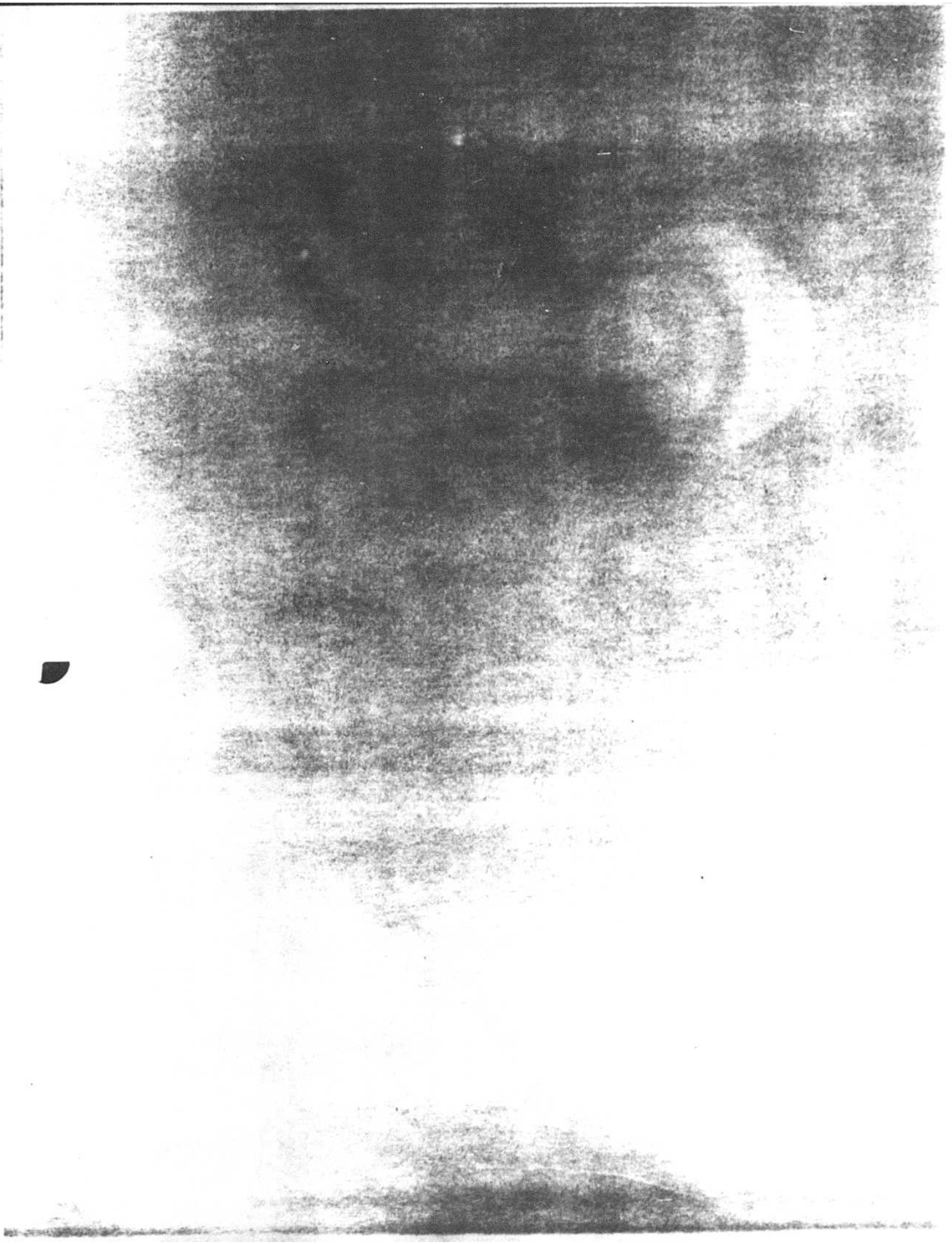
Grindability will be determined by the methods in ASTM Designation D-409-71.

(1) Calculations

Calculations of ash, volatile matter, Btu and sulfur will be made as follows:

$$\text{Dry Basis} = \frac{\text{Uncorrected (as weighed U.S. No. 60 Sample) Results x 10}}{100 - (\% \text{ Moisture in U.S. No. 60 Sample})}$$

$$\text{As Received Basis} = \frac{(100 - \% \text{ Total Moisture}) \times (\% \text{ Dry Basis})}{100}$$



AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER)
DELTA COALS EQUITY COMPANY, INC. (SELLER)
HUMPHREYS ENTERPRISES, INC., GREATER WISE, INC.,
RED RIVER COAL COMPANY, INC., AND
PARDEE COAL COMPANY, INC. (PRODUCER) AND
DELTA COALS, INC. (SALES AGENT)
FOR THE SALE AND PURCHASE OF COAL

TABLE OF CONTENTS

		Page
1.01	Mutual Obligations	2
1.02	Definitions	2
2.01	PRODUCER's Reserves and Preparation for Selling Coal	2
2.02	PRODUCER's Preparation of Mining Plan.	3
3.01	Term of Agreement.	6
4.01	Price and Payment For Coal	7
4.02	Adjustment - General	9
4.03	Adjustment for Changes in Labor Costs.	10
4.04	Adjustment for Changes in Materials and Supplies .	12
4.05	Adjustment for Changes in Other Costs.	13
4.06	Adjustment for Changes in Government Imposition. .	15
4.07	Unescalated Portion of Base Price.	18
4.08	Notice and Substantiation of Price Adjustments . .	18
4.09	Calorific Value Adjustment	19
4.10	Excess Ash Adjustment.	20
4.11	Excess Moisture Adjustment	21

34	4.12	Deficient Grindability Adjustment.	21
35	4.13	Market Price Review.	22
36	5.01	Bill of Lading	23
37	6.01	Shipment	24
38	6.02	Rail Shipments	24
39	6.03	Freight Charges, Title, and Risk of Loss	25
40	6.04	Loading Costs Chargeable to PRODUCER	25
41	6.05	Excess Freight Costs Chargeable to PRODUCER. . . .	26
42	6.06	Payment of Excess Cost to PURCHASER.	26
43	7.01	Shipping Notice.	26
44	8.01	Quantity Requirements.	27
45	9.01	Weighing	28
46	10.01	Coal Specifications.	31
47	11.01	Sampling and Analysis.	33
48 49	12.01	Suspension of Shipments for Coal Quality Deficiencies	37
50 51	12.02	Termination of Agreement for Coal Quality Deficiencies	38
52	12.03	Rejection of Coal for Coal Quality Deficiencies. .	38
53 54	12.04	Suspension and Termination of Agreement for Operational Considerations	40
55	13.01	Termination for Unremedied Default	41
56	13.02	Unilateral Termination Right	41
57	14.01	Force Majeure.	42
58	15.01	Changes in Environmental Related Requirements. . .	46
59	16.01	Independent Contractor	49
60	17.01	Binding Effect	49

63	18.01	Assignments.	49
64	19.01	Right of Inspection; Accounting.	51
65	19.02	Right of Inspection; Coal Property	52
66	20.01	Waiver	52
67	21.01	Remedies Cumulative.	52
68	22.01	Notices.	52
69	23.01	Agent for PURCHASER.	53
70	23.02	Agent for SELLER and PRODUCER.	54
71	24.01	Captions	54
72	25.01	Applicable Law	54
73	25.02	Compliance with Laws and Regulations	54
74	26.01	Entire Agreement	55
75	27.01	Confidential and Proprietary Information	55
76	28.01	Right of Substitution.	55

AGREEMENT BETWEEN GEORGIA POWER COMPANY (PURCHASER)
DELTA COALS EQUITY COMPANY, INC. (SELLER)
HUMPHREYS ENTERPRISES, INC., GREATER WISE, INC.,
RED RIVER COAL COMPANY, INC. AND
PARDEE COAL COMPANY, INC. (PRODUCER) AND
DELTA COALS, INC. (SALES AGENT)
FOR THE SALE AND PURCHASE OF COAL

This Agreement is effective December 1, 1987 and is made and entered into by and between Georgia Power Company, a corporation organized and existing under the laws of the State of Georgia ("PURCHASER"), and Delta Coals Equity Company, Inc., a corporation organized and existing under the laws of the State of Tennessee ("SELLER"), Humphreys Enterprises, Inc., Greater Wise, Inc., Red River Coal Company, Inc., and Pardee Coal Company, Inc., each of which is a corporation organized and existing under the laws of the State of Virginia (hereinafter collectively referred to as "PRODUCER") and Delta Coals, Inc., a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as "Sales Agent").

WITNESSETH: That

WHEREAS, PURCHASER, owns electric power generating stations that require large quantities of acceptable quality coal, and

WHEREAS, PRODUCER owns or otherwise controls the Coal Property from which PRODUCER desires to mine coal which PRODUCER and SELLER desire to sell to PURCHASER;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, PURCHASER and SELLER and PRODUCER agree as follows:

1.01 Mutual Obligations. PRODUCER agrees to mine coal and SELLER and PRODUCER agree to sell such coal to PURCHASER and PURCHASER agrees to buy coal from SELLER and PRODUCER on the terms and conditions and in the quantities and quality set forth herein.

1.02 Definitions. The following definitions shall apply in this Agreement:

a. "Coal Property" shall mean the real property, mineral interests, preparation plant facilities and loading facilities, with improvements thereto, described in Annex "A".

b. "Contract Year" shall mean the period of time from each December 1 through the following November 30 during the term of this Agreement.

c. "Ton" shall mean two thousand pounds avoirdupois weight.

d. The "Base Price" for each ton of coal is $29.73 per ton f.o.b. railcar.

e. "Billing Price" is the Base Price adjusted pursuant to Sections 4.03 through 4.06.

f. A "Shipment" shall occur when SELLER delivers coal in sufficient quantities into a unit train as provided in the applicable rail contract.

g. "Calorific Value Adjusted Price" is the Billing Price adjusted pursuant to Section 4.09.

2.01 PRODUCER's Reserves and Preparation for Selling Coal. PRODUCER represents and warrants that PRODUCER owns or controls

the Coal Property and that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, shall be sufficient to satisfy the requirements of this Agreement and that at least ninety-five percent (95%) of all coal delivered hereunder shall be mined from the Coal Property identified in Annex A unless PRODUCER obtains prior written approval of PURCHASER, which approval shall not be unreasonably withheld.

PRODUCER hereby agrees to commit sufficient reserves of coal in the Coal Property meeting the coal quality specifications of Section 10.01 so as to fulfill the quantity specifications herein. PRODUCER agrees and warrants that PRODUCER shall not use or sell coal meeting the quality specifications hereof from the Coal Property in a way that shall reduce the economically recoverable balance of coal in the Coal Property to an amount less than the amount required to be supplied hereunder.

PRODUCER shall defend the title of PURCHASER with respect to all coal sold hereunder and, with respect to such title, shall indemnify PURCHASER from and against all claims, demands, actions, suits and judgements.

2.02 PRODUCER's Preparation of Mining Plan. PRODUCER shall promptly prepare complete reserve data and a mining plan for the Coal Property and conduct any additional exploration of the Coal Property necessary in connection therewith to demonstrate PRODUCER's capability to produce coal from the Coal Property meeting the quantity and quality specifications of this Agreement

424

during the term hereof. Two copies of such complete mining plan shall contain maps and narratives depicting areas and seam(s) of coal to be mined and shall include, but not be limited to, the following information: (i) reserves under the ownership or control of PRODUCER from which the coal shall be produced and the mining sequence, by quarter-years (or such other time intervals as agreed), during the term of this Agreement; (ii) methods of mining such reserves and equipment devoted or to be devoted to such mining; (iii) methods of transporting and washing coal to ensure compliance with the quantity and the quality requirements including a description and flow sheet of the preparation plant; (iv) quality data plotted on maps depicting data points and isolines by seam of bed moisture, ash, sulfur, ash fusion temperature, Btu, grindability and volatile matter; (v) quality control plans including sampling and analysis procedures to ensure individual Shipments meet quality specifications, and; (vi) PRODUCER's sales commitments to others from the Coal Property during the term of this Agreement. Such complete mining plan shall be presented to PURCHASER within one-hundred twenty (120) days from the date of execution of this Agreement. Upon receipt thereof, PURCHASER shall have the right to review such plan, both individually and jointly with PRODUCER, and to submit such plan to and consult with third parties, if deemed necessary. Within sixty (60) days from receipt of such plan, PURCHASER shall advise PRODUCER that the mining plan has been approved, or shall specify the aspects of such plan which are, in PURCHASER's

opinion, inadequate. The parties shall consult in good faith with respect to matters considered by PURCHASER to be inadequate and PRODUCER shall, within thirty (30) days after receipt of notice from PURCHASER of inadequacy of the mining plan, submit revisions to correct any deficiency. PURCHASER shall have thirty (30) days from the receipt of such a revision to the mining plan to evaluate such a revision. PURCHASER shall evaluate mining plan on the basis of whether such plan demonstrates PRODUCER's capability to produce coal from the Coal Property of a quality and in quantities sufficient to meet the requirements of this Agreement. If, in PURCHASER's judgement, such plan, as it may be revised during the periods specified herein, fails to provide such demonstration, PURCHASER shall reduce the then current Billing Price by $.50 per ton until PURCHASER approves PRODUCER's mining plan.

PURCHASER's receipt, review, acceptance or approval of the mining plan or other information or data furnished by PRODUCER shall not in any manner relieve PRODUCER of any of PRODUCER's obligations or responsibilities under this Agreement, nor shall such review or approval be construed as constituting an approval of PRODUCER's proposed mining plan as prudent mining practices, such review and approval by PURCHASER being limited solely to a determination, for PURCHASER's purposes, of PRODUCER's capability to supply coal on a long term basis to fulfill PURCHASER's requirements of a dependable coal supply. After final approval of PRODUCER's mining plan, PRODUCER shall provide PURCHASER prior

426

notification of any material variations or deviations therefrom during the term of the Agreement.

PRODUCER shall annually provide PURCHASER with two copies of a mine plan "Update" showing progress to date, conformity to original mining plan, and then known changes in reserve data and planned changes in mining progression, plans or procedures. The Update for each year shall be submitted on or before the anniversary of the execution date of this Agreement.

PRODUCER agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

3.01 Term of Agreement. The term of this Agreement shall commence on December 1, 1987, and expire midnight, November 30, 1997. PURCHASER shall have the options to extend this Agreement for two successive terms of five years each. The right to extend the Agreement for the extended terms is conditioned upon negotiation of mutually agreeable revisions to the Base Price and upon PRODUCER's having sufficient available coal reserves to satisfy PURCHASER's requirements under this Agreement for such extended terms. The first and second option shall be exercised by PURCHASER by giving SELLER and PRODUCER not less than one year's written notice prior to expiration of the then current term. Upon receipt by SELLER and PRODUCER of such written notice, PURCHASER and SELLER and PRODUCER shall proceed in good

faith to negotiate within ninety (90) days mutually agreeable revisions to the Base Price, as aforesaid, for the first or second extended term. If such mutually agreeable revisions are negotiated for the first or second term, then, in each such case, PRODUCER shall promptly proceed to commit sufficient Tonnage to fulfill its commitment and the term of this Agreement shall be extended thereby for five years, and for an additional five year period, as the case may be. If, within such ninety (90) day period, the parties cannot mutually agree on such revisions to the Base Price, for any extended term, this Agreement shall terminate at the expiration of the then current term.

4.01 Price and Payment for Coal.

The price paid per ton of coal shall consist of a fixed and a variable component.

A. The fixed component shall be $1,096,250.00 per month from December 1, 1987 through March 31, 1991, and not subject to change, suspension or termination for any reason whatsoever, notwithstanding any other provision of this Agreement except as follows:

Should SELLER or PRODUCER be unable to perform any of their obligations under this Agreement and due thereto PURCHASER shall have suspended deliveries, the PURCHASER may then give notice of intent to suspend fixed component payments, and, unless such failed performance obligation(s) is restored or shipments shall have resumed, prior to the payment of the last of the next scheduled six fixed component payments applicable to months in

which no payments are made with respect to the component provided for in Section 4.01(B), then the fixed component payments shall be suspended until performance under this Agreement is restored by SELLER or PRODUCER, or shipments shall have resumed. The term of the fixed component payments shall be extended by a time period equal to the time during which fixed component payments were suspended. Should SELLER or PRODUCER be unable to continue performance under this Agreement by substitution under Section 28.01, or otherwise, and due thereto PURCHASER shall have terminated this Agreement, all fixed component payments will be terminated by PURCHASER but only after payment of the aforesaid six (or less scheduled if dictated by the last sentence of this paragraph) fixed component payments due after PURCHASER's notice of intent to suspend fixed component payments, or if such notice has not been given, then after payment of the next six fixed component payments applicable to months in which no payments are made with respect to the component provided for in Section 4.01(B). Provided, however, that, in any event under this Agreement, the continuation of fixed component payments as provided above will be expressly limited to a total of six fixed component payments applicable to months in which no payments are made with respect to the component provided for in Section 4.01(B), except that such available payments shall again be increased to six in the event: (1) PURCHASER elects to receive tonnage not shipped applicable to the shipment suspension period, or (2) PURCHASER receives in any consecutive twelve month period

at least 97% of the contract tonnage provided for herein, or (3) payments are made during each month of a consecutive twelve month period with respect to the component provided for in Section 4.01(B). Provided further that no more than 40 fixed component payments shall be made.

B. The variable price per ton shall be the Base Price of $29.73 per ton f.o.b. railcar as adjusted from its December 1, 1987 Base Date.

4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in Sections 4.03 through 4.06; and such adjusted price, excluding adjustments under Section 4.06, is subject to the Calorific Value Adjustment provision of Section 4.09. The Calorific Value Adjusted Price shall be subject to the excess ash provision of Section 4.10, the excess moisture provision of Section 4.11 and the Deficient Grindability Adjustment of Section 4.12. The specific components of the Base Price are attached hereto as Annex B. The Base Price with said adjustments, as provided in Section 4.03 through Section 4.06, shall be referred to herein as the "Billing Price." All of such provisions for adjustments contained in this Agreement are subject to the procedures for verification set forth in Sections 4.08 and 19.01 hereof. Adjustments made in computing the Billing Price shall be calculated to the nearest cent per Ton. No dispute concerning price adjustments shall in any way relieve either party of its respective obligations of performance under this Agreement at the

A30

then existing Billing Price, including, but not limited to, PURCHASER's obligation to make timely payment and PRODUCER's obligation to make timely deliveries at the immediately prior Billing Price.

SELLER shall promptly notify PURCHASER, in writing, of all adjustments set forth in Sections 4.03 through 4.06. Adjustments in the Base Price per Ton under such Sections shall apply to coal shipped from and after the later of (1) the effective date(s) of the adjustments as provided hereafter or (2), in cases where the adjustment increases the price, the date on which the PURCHASER received notice from SELLER of such claimed adjustment, if such claim is received more than forty-five (45) days after the effective date permissible for such change. With respect to decreases required to be made by virtue of such adjustment provisions, of which SELLER fails to notify PURCHASER, such adjustments shall be made retroactively as to all coal shipped after the time such adjustment would have applied had notice been given within forty-five (45) days of the effective date of such adjustment.

4.03 Adjustment for Changes in Labor Costs.

All labor related costs covered by the Base Price stated in Section 4.01 are represented by the "Labor Costs Component" of $7.43 per Ton. The Labor Costs Component shall not change.

The Billing Price shall be adjusted for changes in labor costs, as measured exclusively by changes in the Labor Costs

Index. The Labor Costs Index shall be the "Established Data, Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, Average Hourly Earnings," as first published in Employment and Earnings by the U. S. Department of Labor. The first published value of the index for December 1987 is the Base Index for price adjustment purposes pursuant to this Section 4.03.

A labor cost adjustment to the Billing Price shall be determined each January 1, April 1, July 1, and October 1, during the term of this Agreement, with the first such adjustment effective April 1, 1988. The amount of such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the first published value of the Labor Costs Index for the preceding November, February, May and August, during the term of this Agreement. The percentage change in the Labor Costs Index from the level of the Base Index shall be computed to the nearest one-tenth of a percent, and multiplied times the Labor Costs Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price effective January 1, April 1, July 1, and October 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.03 are attached hereto as Annex C.

In the event of unavailability of any index described in Section 4.03, price adjustments shall be computed by mutual agreement.

4.04 Adjustment for Changes in Materials and Supplies Costs.

All materials and supplies costs covered by the Base Price stated in Section 4.01 are represented by the "Materials and Supplies Component" of $11.60 per Ton. The Materials and Supplies Component shall not change.

The Billing Price shall be adjusted for changes in materials and supplies costs, as measured exclusively by changes in the Materials and Supplies Index. The Materials and Supplies Index shall be a weighted composite index composed of various price indices as weighted and shown below and first published by the U. S. Department of Labor, Bureau of Labor Statistics. The value of the weighted index (determined from first published values) for December 1987 is the Weighted Base Index for price adjustment purposes pursuant to this Section 4.04. The indices which compose the Materials and Supplies Index and related percentage weights to be used are as follows:

BLS COMMODITY INDEX	CLASSIFICATION	% WEIGHT
057	Petroleum Products - Refined	20
PPI	All Commodities	80
		100

An adjustment to the Billing Price for changes in material and supplies costs shall be determined each January 1, April 1, July 1, and October 1, during the term of this Agreement, with the first such adjustment effective April 1, 1988. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Weighted Base Index and the value of the Materials and Supplies Index for the preceding November, February, May, and August during the term of this Agreement. The percentage change shall be computed to the nearest one-tenth of a percent, and multiplied times the Materials and Supplies Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price effective January 1, April 1, July 1, and October 1, as the case may be.

Examples of the computation of the price adjustments pursuant to this Section 4.04 are attached hereto as Annex D.

In the event of unavailability of any index described in Section 4.04, price adjustments shall be computed by mutual agreement.

4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section 4.01 are represented by the "Other Costs Component" of $7.70 per Ton. The Other Costs Component shall not change.

The Billing Price shall be adjusted for changes in other costs based exclusively on changes in the Other Costs Index. The Other Costs Index shall be the CPI-W (preliminary number), published by the U. S. Bureau of Labor Statistics. The Base Index shall be the value (preliminary number) of the Other Costs Index for the month of December 1987.

An adjustment to the Billing Price for changes in other costs shall be determined quarterly at each January 1, April 1, July 1, and October 1 during the term of this Agreement, with the first such adjustment effective April 1, 1988. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the preliminary value of the Other Costs Index for the preceding November, February, May and August during the term of this Agreement. The percentage change in the Other Costs Index from the level of the Base Index shall be computed to the nearest one-tenth of a percent and multiplied times the Other Costs Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price and shall be effective January 1, April 1, July 1, and October 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.05 are attached hereto as Annex E.

In the event of unavailability of the Other Costs Index described in this Section 4.05, price adjustments shall be computed by mutual agreement.

4.06 Adjustment for Changes in Government Imposition. The term "Government Imposition," as used in this Agreement, means any tax or fee imposed on PRODUCER by any government or government agency or any statute, administrative regulation or ruling, state or local ordinance, or the like affecting the production, severance, preparation. loading, transporting, or sale of coal and reclamation of the Coal Property hereunder. The term does not include impositions on PRODUCER, such as federal or state income taxes or excise taxes, which are not levied upon the production, preparation, loading, transportation or sale of coal or reclamation of the Coal Property hereunder or any employer's social security or unemployment taxes.

The Base Price stated in Section 4.01 includes all costs of compliance by PRODUCER with all Government Impositions effective as of December 1, 1987 regardless of whether or not PRODUCER is actually in compliance with all such Government Impositions as of that date. The Federal Black Lung Excise Tax, Federal Reclamation Fee, and the Wise County, Virginia Severance Tax are based upon a mix of 70% underground production and 30% surface production. For the purposes of this section, the percentage of underground and surface production shall be fixed for the term of this Agreement.

Price adjustments shall be made for changes in costs due to PRODUCER's compliance with Changes In Government Impositions which shall be (1) amendments after December 1, 1987 to Government Imposition; (2) requirements of entirely new Government Impositions which are enacted or promulgated after December 1, 1987; or (3) final judgements, orders or decrees issued after December 1, 1987 by any court of law or equity, which reflect new and different interpretations of Government Impositions where such changes in cost directly affect and are binding upon PRODUCER's operation hereunder. Such changes in cost shall hereinafter be called "Changes in Costs". Changes in Costs shall not include and no price adjustments shall be made for costs due to compliance with (1) any Government Imposition effective as of December 1, 1987, regardless of whether the Base Price reflects the full costs of compliance with such Government Imposition; or (2) any civil or criminal fine or penalty imposed as the result of failure to comply with any statute, administrative regulation or ruling, state or local ordinance, or judgement, order or decree of any court; or (3) any changes for which adjustments have been made pursuant to Sections 4.03, 4.04, or 4.05 of this Agreement.

In the event and whenever after December 1, 1987, there is a Change In Government Imposition, PRODUCER shall give PURCHASER written notice thereof within forty-five (45) days of the effective date of the new or changed Government Imposition.

If the Change In Government Imposition is a tax or fee which is expressly imposed on a per Ton basis, PRODUCER shall submit a claim within forty-five (45) days of the effective date of the new or changed Government Imposition which shall be processed in accordance with the provisions of Sections 4.02 and 4.08.

If the Change In Government Imposition results in a Change In Costs not expressly imposed on a per Ton basis, PRODUCER shall submit a claim which describes the Change In Costs and which contains sufficient documentation and data to permit PURCHASER to verify PRODUCER's computation of the Change In Costs. The documentation and data shall be based on an adequate period of experience in compliance with such Change In Government Imposition, but in no case, shall such adequate period exceed twelve (12) months. In the case of a determination of a Change In Costs which is an increase, an adjustment to the Base Price shall be made for the period no more than twelve (12) months prior to the receipt by PURCHASER of PRODUCER's claim, and during which such Change In Government Imposition was in effect. In the case of a Change In Costs which is a decrease, an adjustment to the Base Price shall be made from the date such Change In Government Imposition was in effect. PURCHASER shall have the right to require PRODUCER to evaluate and submit such a claim if PRODUCER fails to do so after a Change In Government Imposition is effective.

If the cumulative effect of adjustments resulting from Changes In Costs which would be required to meet Government Impositions would be such as to make the price of the coal to be sold to PURCHASER hereunder more than 10% higher than its then current f.o.b. railcar price, excluding all adjustments under Section 4.06, or more than 10% higher than the delivered price of comparable coal reasonably available to PURCHASER on similar terms, then PURCHASER shall have the right to terminate this Agreement upon six (6) months notice to PRODUCER. PRODUCER shall have the right to limit or abate the cumulative effect of adjustments resulting in Changes In Costs which would be required to meet Government Imposition in order to preempt PURCHASER's right to terminate this agreement. PURCHASER and SELLER and PRODUCER agree that the provisions of this last paragraph of Section 4.06 shall not be in effect until PURCHASER's obligation to pay the fixed component has expired or been terminated as stated in Section 4.01.

4.07 Unescalated Portion of Base Price. $3.00 per ton of the Base Price stated in Section 4.01 is not subject to escalation. This portion of the Base Price includes the Reclamation Fee, the Black Lung Tax and the Wise County, Virginia Severance Tax. Any subsequent increase or decrease will be considered a govenment imposition and will be adjusted for under Section 4.06.

4.08 Notice and Substantiation of Price Adjustments. SELLER shall notify PURCHASER in writing, as provided in Section 4.02, of the amount of any claimed adjustment (either increases or decreases) to the Base Price, pursuant to provisions of Sections 4.03 through 4.06, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to substantiate such adjustments. PURCHASER shall accept or contest any adjustment(s) within sixty (60) days after receipt from SELLER of all computations and data which are reasonably necessary to substantiate the adjustment(s). If PURCHASER contests any adjustment, PURCHASER shall pay to SELLER, or SELLER shall credit PURCHASER with, the undisputed portion of the claimed adjustment. PURCHASER or PURCHASER'S representative shall have the right to audit SELLER's and/or PRODUCER's books and records to determine whether any adjustment is proper and has been properly computed by SELLER in accordance with the applicable provisions of this Agreement.

4.09 Calorific Value Adjustment. The amount to be paid by PURCHASER shall be adjusted on the basis of the actual "as received" calorific value of the coal as determined from the samples taken and analyzed in accordance with Section 11.01 and Annex H hereof. The Calorific Value Adjusted Price shall be determined as follows: The monthly weighted average "as received" calorific value of all coal unloaded during the calendar month shall be divided by 13,000 Btu/lb.. The resulting

quotient shall be multiplied by the then current Billing Price determined by Purchaser, plus the then current per ton variable transportation rate, less total Government Imposition Adjustments pursuant to Section 4.06. The resulting product, less the then current per ton variable transportation rate, shall then be added to the total Government Imposition Adjustments pursuant to Section 4.06.

PURCHASER shall submit to SELLER analyses of coal received and computations of the calorific value adjustments to substantiate such adjustments. The calorific value adjustment mechanism is further detailed and illustrated in Annex F, and this adjustment shall be made in accordance with said Annex F.

4.10 Excess Ash Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal shall be adjusted downward in proportion to the ash content in excess of 11.00%. This adjustment shall be subtracted from the payment for coal delivered and unloaded and shall be based upon the "as received" ash content for each unit train of coal unloaded. The amount per Ton of this Excess Ash Adjustment shall be calculated as follows:

The adjustment shall be $1.50 per Ton multiplied by the percentage difference by which the "as received" ash content for each unit train of coal unloaded exceeds 11.00%. No credits shall be given if the "as received" ash content is less than 11.00%. The adjustment in price is in addition to any other

remedies provided by the Agreement or in law or equity. Ash Adjustment Formula:

$ Adjustment/Ton = $1.50 (% Ash - 11.00%)

4.11 Excess Moisture Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal shall be adjusted downward in proportion to the moisture content in excess of 10.00%. This adjustment shall be subtracted from the payment for coal delivered and unloaded and shall be based upon the "as received" moisture content for each unit train of coal unloaded. The amount per Ton of this Excess Moisture Adjustment shall be calculated as follows:

The adjustment shall be $1.00 per Ton multiplied by the percentage difference by which the "as received" moisture content for each unit train of coal unloaded exceeds 10.00%. No credits shall be given if the "as received" moisture content is less than 10.00%. The adjustment in price is in addition to any other remedies provided by the Agreement or in law or equity. Moisture Adjustment Formula:

$ Adjustment/Ton = $1.00 (% Moisture - 10.00%)

4.12 Deficient Grindability Adjustment. In addition to other adjustments, the price per ton to be paid by PURCHASER for coal shall be adjusted downward to compensate for deficient grindability of SELLER's coal. This adjustment shall be subtracted from the payment for coal delivered and unloaded and shall be based upon the grindability content for each unit train

of coal unloaded. The amount per ton of this grindability adjustment shall be calculated as follows:

The adjustment shall be $0.50 per ton multiplied by the number of index points by which the grindability content for each unit train of coal unloaded is less than 40. No credits shall be given if the grindability content is greater than 40. The adjustment in price is in addition to any other remedies provided by the Agreement or in law or equity. Grindability Adjustment Formula:

$ Adjustment/Ton = $.50 (Guaranteed HGI - 40)

4.13 Price Review.

One hundred eighty (180) days prior to the end of the sixth year of operation under this Agreement, either party may initiate a request to the other party to review whether the then current price or the price adjustment provisions (collectively referred to as "pricing provisions") require adjustment for the remaining term of the Agreement. SELLER's request for the price increase under this Section 4.13 may be based only upon changes in SELLER's cost of production which exceed the price adjustment provisions of this Agreement. PURCHASER's request for a price reduction under this Section 4.13 may be based only upon the comparison showing that the delivered cost of coal under this Agreement exceeds the delivered cost of comparable quality coal

then reasonably available to PURCHASER under similar contractual terms and conditions. The parties shall use their best good faith efforts to arrive at a mutually agreeable revision to the pricing provisions. Any revision to such pricing provisions shall be effective beginning with the first day of the next year of this Agreement following the sixth year.

If either party initiates a request for review and after negotiating in good faith for a period of ninety (90) days, the parties are unable to agree on any revisions under this Section 4.13, then this Agreement shall continue until the end of the seventh year of operation under this Agreement and shall then terminate. PURCHASER and SELLER and PRODUCER agree that the provisions of this paragraph of this Section 4.13 shall not be in effect until PURCHASER's obligation to pay the fixed component has expired or terminated as stated in Section 4.01.

5.01 Bill of Lading. PRODUCER will provide rail carrier with a "Bill of Lading" form. Such form shall be prepared by PRODUCER to incorporate PRODUCER's name, shipment date, destination point, origin, Georgia Power Company contract identification (Purchase Order Number), cars by initials and number; Unit Train Number, Carrier Contract Number, and any other applicable data which may be required. One copy of this form shall be retained by PRODUCER and the remaining copies transmitted to the rail carrier at the time the cars are moved. A "Waybill" (prepared by the carrier from this bill of lading)

will be transmitted to Georgia Power Company's receiving plant. Payment will be made on the 20th and 28th day of each month for all coal received and processed prior to such dates. The fixed component payment as stated in Section 4.01A shall be made on the 20th day of each month with the first such payment to be made December 20, 1987.

6.01 Shipment. It is anticipated that coal sold hereunder shall be shipped by rail from PRODUCER's loading facilities at Steer Branch, Wise County, Virginia ultimately to be delivered to the Scherer Electric Generating Plant in Georgia or other destinations specified by PURCHASER.

6.02 Rail Shipments. PRODUCER shall provide off-main line rail trackage sufficient for efficient and dependable loading of at least ninety (90) car unit trains at PRODUCER's loading facilities and shall be prepared to operate its loading facilities twenty-four (24) hours per day, seven days per week, if needed, in compliance with the applicable rail contract for deliveries hereunder. PRODUCER agrees to provide loading facilities capable of loading unit trains at an effective rate sufficient for the quantities of coal scheduled for delivery under this Agreement and sufficient for the applicable rail contract. PURCHASER agrees to use its best good faith efforts to schedule monthly loadings evenly throughout the month. PRODUCER agrees and warrants that no agreement of PRODUCER providing for

the joint use of surface facilities shall interfere with or impair PRODUCER's obligations as set forth in this Agreement.

Shipment and receipt of coal under this Agreement shall be made in accordance with the rail contract applicable to the destination of the delivery. If any applicable contract is amended, supplemented or replaced, subsequent deliveries shall be made in accordance with the terms of the applicable rail contract, as amended, supplemented or replaced.

6.03 Freight Charges, Title, and Risk of Loss. Subject to reimbursement provided by Sections 6.04 and 6.05, PURCHASER shall pay all freight and other charges imposed by the carrier applicable to the destination of the Shipment. PURCHASER shall bear the risk of loss of said Shipment after each Shipment has been properly loaded into railcars, but title shall not pass to PURCHASER until arrival at the ultimate destination designated by PURCHASER.

6.04 Loading Costs Chargeable to PRODUCER. If PRODUCER fails to satisfy the loading requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, PRODUCER shall pay any resulting car detention penalties and shall pay any penalties or charges for cars loaded in excess of capacity which is required by such rail contract. PRODUCER shall pay the per Ton transportation rate, required to be paid by PURCHASER under the rail contract, for all Tons not loaded to the marked capacity

per car. PURCHASER shall furnish to PRODUCER the appropriate terms of the rail contract.

6.05 Excess Freight Costs Chargeable to PRODUCER. If PRODUCER fails to tender sufficient coal to satisfy the quantity requirements in accordance with Section 8.01 and thereby fails to satisfy the Tonnage requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, PRODUCER shall pay any resulting freight charges which PURCHASER is required by such contract to pay the carrier over the amount of such charges otherwise payable. PURCHASER shall furnish to PRODUCER the appropriate terms of the applicable rail contract.

6.06 Payment of Excess Costs. Any payments required by Sections 6.04 and 6.05 above shall be paid within fourteen (14) working days after receipt by PRODUCER of a written statement itemizing such charges which are in accordance with the current applicable contract. At PURCHASER's election, such charges may be credited against amounts owed by PURCHASER to SELLER or PRODUCER hereunder.

7.01 Shipping Notice. Promptly after loading each rail Shipment PRODUCER shall telecopy/TWX PURCHASER a notice of Shipment which shall include PRODUCER's name; destination point; origin; Purchase Order Number; train number; car initials and numbers; Tonnage shipped; date of Shipment; Carrier Contract

Number; and other such information as required by PURCHASER from time to time.

Notice shall be sent to:

Georgia Power Company
P. O. Box 4545
Atlanta, Georgia 30302
Attn: Fuel Department

and

Plant Manager
Plant Scherer
P. O. Box 206
Juliette, Georgia 31046

and

Transportation Coordinator
Fuel Supply Department
Southern Company Services
P. O. Box 2625
BIN 852
Birmingham, AL 35202

PRODUCER shall determine the short proximate analysis, in accordance with Annex H, of each Shipment and shall telecopy and telephone such analysis, within twenty-four (24) hours, to PURCHASER at locations designated by PURCHASER. Should PRODUCER fail to provide such analysis as specified, PURCHASER may elect to delay unloading of Shipment until such time as analysis is provided and PRODUCER is liable for any demurrage and other costs occasioned by the delay.

8.01 Quantity Requirements. PRODUCER shall tender coal produced from the Coal Property at the Base Rate of 530,000 tons per Contract Year. The annual tonnages to be delivered in any Contract Year are to be delivered in approximately equal monthly

quantities and shall be within two percent (2%) of 530,000 tons (except that PRODUCER will deliver approximately 20,000 tons per month during the months of December, 1987 and January, 1988 and the balance of the 530,000 annual tonnage commitment in approximately equal monthly quantities during the remainder of the first Contract Year). PURCHASER shall have the right, upon sixty (60) days written notice, to increase or decrease the quantity of coal to be delivered monthly under this Agreement; provided however that PURCHASER may not increase the quantity by more than one (1) unit train per month above the Base Rate nor decrease the quantity by more than one (1) unit train per month below the Base Rate provided, however, the tonnage during any Contract Year will be 530,000 tons.

In the event PRODUCER has available for delivery additional quantities of coal, that is, in excess of the quantity requirements hereunder, from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, SELLER and PRODUCER may offer the same to PURCHASER, and upon acquiring the prior written approval of PURCHASER, such additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder.

9.01 Weighing. Coal provided by PRODUCER under this Agreement shall be weighed by PRODUCER as provided in this Section 9.01. PURCHASER shall have the option at any time during the term of this Agreement to elect to weigh the coal for

governing purposes at PURCHASER's plant(s), or other destinations specified by PURCHASER.

Except as provided above, the weight of coal for each Shipment sold and delivered hereunder shall be determined from the PRODUCER's scale located at the PRODUCER's final coal loading facility. Said scales and method of weighing shall be acceptable to the PURCHASER and the Carrier, and shall be certified in accordance with the then current Association of American Railroads "Scale Handbook". PRODUCER's scales used to determine the governing weight of coal shall be certified on at least a semi-annual basis. PRODUCER's scales used to determine the governing weight shall also be calibrated and maintained in an accurate condition between material tests and certifications. Documentation of all scale tests and maintenance performed shall be provided to PURCHASER within fourteen (14) days of completion of such action. In the absence of scale weights from PRODUCER, PURCHASER and PRODUCER shall mutually agree by what means the weight of coal sold, delivered and purchased hereunder shall be determined. Such methods as mutually agreed on shall not necessarily be the same as that required under the rail contract for payment of freight. PRODUCER shall pay all costs or expenses charged to or incurred by PURCHASER as a result of the absence of scale weights from PRODUCER.

A net weight shall be determined and reported for each Shipment of coal hereunder. If PRODUCER provides a

coupled-in-motion track scale, the actual empty weight of the railcar rather than the empty (tare) weight stenciled on the railcar shall be used for the determination of the net weight. The scale shall be tested as normally used by comparing the in-motion weight of a unit train with the weight of the train determined statically weighing each railcar uncoupled at both ends. The scale shall be calibrated statically with a certified railroad test car as required during the course of the test. The coupled-in-motion scale shall be tested with railcars both empty and loaded. PRODUCER shall be responsible for all test charges. Additional tests shall be performed if requested by the PURCHASER. PURCHASER shall be responsible for the cost of additional tests unless the results thereof show that the scale failed to conform to certification standards, in which event PRODUCER shall be responsible for such costs.

PURCHASER shall have the right to have representatives present at any and all times to observe the weighing of coal as well as all maintenance and tests on the weighing devices. PURCHASER's representative shall have the right to delay or stop coal loading in the event that PRODUCER's scale malfunctions. PRODUCER shall pay all costs or expenses charged to or incurred by PURCHASER as a result of any such scale malfunction. Loading will be resumed when scale repairs are completed or when mutually agreed to by PURCHASER and PRODUCER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of

loading. If PURCHASER should at any time question the accuracy of the weights thus determined, PURCHASER shall so advise PRODUCER and PRODUCER shall permit PURCHASER's representatives to test PRODUCER's weighing devices or methods. If such tests show the weighing devices to be out of tolerance, or if the weighing devices otherwise are determined to be out of tolerance, the weighing devices shall be adjusted to an accurate condition. In the event PURCHASER and PRODUCER are unable to agree upon such tests and adjustments, or the devices or methods thereof, the weighing devices and methods shall be tested and adjusted to a condition of accuracy by a qualified third party, mutually chosen by PURCHASER and PRODUCER, and the cost of the testing and adjusting by such third party shall be shared equally by PURCHASER and PRODUCER.

If PRODUCER's weighing devices or methods are determined to be out of tolerance, an appropriate adjustment shall be made to the affected weights and related invoices and payments. In the absence of a date certain, such adjustments shall be made retroactively to a date midway between the date on which the weighing devices were last certified and the date on which the out of tolerance condition caused by weighing methods or devices was first questioned and prospectively until the date on which the weighing methods and devices were corrected.

10.01 Coal Specifications. The coal sold by SELLER and PRODUCER and purchased by PURCHASER hereunder shall be uniformly

blended and such blend shall be consistent from railcar to railcar; shall be three inches and under in size (3" x 0") as defined in the then current ASTM Designation D-431 Standard for Designating Size of Coal and shall not contain greater than sixty percent (60%) particles less than (1/4) inch in size (if, in PURCHASER's sole judgement, coal handling problems occur at the destination because of size consistency, PRODUCER agrees to take corrective action acceptable to PURCHASER); shall have no intermediate sizes added or removed; shall be free of bone, slate, shale, rock, dirt, and clay, and free of extraneous material which term shall include, but not be limited to plastic, rubber, iron, wood and other waste materials, and shall conform to the following analysis on an "as received" basis:

	Typical Coal Specifications (Per Train)	Suspension Limits (Per Train)	Rejection Limits (Per Train)
Moisture (total)	8.00% or less	10.00% or greater	11.00% or greater
Ash	11.00% or less	12.00% or greater	13.00% or greater
Sulfur	0.6 lbs. per million Btu or less	Greater than 0.6 lbs per million Btu	Greater than 0.6 lbs. per million Btu
Volatile Matter	Equal to or greater than 30%	Equal to or less than 28%	Equal to or less than 28%
Ash Fusion Temp. Softening (H=W Reducing Atmosphere)	Equal to or greater than 2400 Degrees F	Less than 2400 Degrees F	Less than 2300 Degrees F
Grindability	Equal to or greater than 40 (Hardgrove Index)	Less than 38 (Hardgrove Index)	Less than 38 (Hardgrove Index)

453

Calorific Value	Equal to or greater than 13,000 Btu/lb.	12,500 Btu/lb. or less	12,000 Btu/lb. or less

An example of the calculation of the pounds of sulfur per million Btu is shown in Annex K.

SELLER shall reimburse PURCHASER for all damage caused to PURCHASER's equipment by any extraneous material loaded with the coal by SELLER.

11.01 Sampling and Analysis.

Coal provided by PRODUCER under this Agreement shall initially be sampled by PRODUCER and analyzed by PURCHASER or PURCHASER's designated laboratory as provided in this Section 11.01. PURCHASER shall have the option at any time during the term of this Agreement to elect to sample for governing purposes at PURCHASER's plant(s) or other destination specified by PURCHASER. PURCHASER's sampling shall conform to specifications based on the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis."

So long as PRODUCER samples the coal for governing purposes, PRODUCER shall provide at PRODUCER's final coal loading facility a mechanical sampling system of the "cutting the full coal stream" type or other system acceptable to PURCHASER. The design and operation of the sampling system shall be in accordance with the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and

Standard D-2013 "Preparing Coal Samples for Analysis". The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing to an eight (8) mesh product. PRODUCER shall submit design drawings and specifications for any new proposed sampling system to PURCHASER for review and comment prior to installation. PURCHASER and PRODUCER shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

PRODUCER shall collect representative samples of each Shipment of coal sold hereunder using the mechanical sampling system as described above at the loading facility. The final sample of eight (8) mesh coal from the mechanical sampling system shall be reduced to four (4) 1000 gram samples, at the loading facility, in accordance with the then current American Society for Testing and Materials Standard D-2013 "Preparing Coal Samples for Analysis", using an enclosed riffle to minimize moisture loss. PRODUCER shall ship two (2) eight (8) mesh samples, within twenty-four (24) hours of sample collection, to PURCHASER's designated laboratory, and two (2) eight (8) mesh samples shall be retained by the PRODUCER. One (1) eight (8) mesh sample shall be retained by PRODUCER for thirty (30) days from date of Shipment as a reserve sample. One eight (8) mesh sample shall be analyzed by PRODUCER to meet its requirements under Section 7.01.

PURCHASER or its designated representative may observe any sampling or sample preparation performed by PRODUCER; PRODUCER or its designated representative may observe any sampling or sample preparation performed by PURCHASER or PURCHASER's designated laboratory. PURCHASER's representative shall have the right to delay or stop coal loading in the event that PRODUCER's sampling system malfunctions. PRODUCER shall pay all costs or expenses charged to or incurred by PURCHASER as a result of any such sampling system malfunction. Loading will be resumed when sampling system repairs are completed or when mutually agreed to by PURCHASER and PRODUCER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of loading.

Two (2) eight (8) mesh samples sent to PURCHASER's designated laboratory shall be analyzed in accordance with Annex H and the results of such analysis shall be used for the governing purposes of this Agreement.

PURCHASER's designated laboratory may be an independent qualified, commercial, coal testing laboratory which shall analyze the eight (8) mesh samples sent by PRODUCER in accordance with Annex H. In the event PURCHASER elects to employ such a commercial laboratory, PRODUCER shall not be liable for any costs incurred by PURCHASER except as herein provided.

Annex H delineates laboratory sample preparation and analytical procedures which are in accord with ASTM and industry

standards and which are to be used by PRODUCER and PURCHASER as provided in this Section 11.01.

If a dispute arises between PURCHASER and PRODUCER over the results of such analyses, the eight (8) mesh sample reserved for settlement of disputes shall be sent to a qualified independent laboratory (selected jointly by PURCHASER and PRODUCER) which shall conduct a referee analysis in accordance with Annex H. The cost of any such referee analysis shall be borne equally by PURCHASER and PRODUCER.

With respect to a dispute pertaining to the calorific value of the coal as shown by the analysis, the analysis of PURCHASER or PURCHASER's designated laboratory shall be deemed to have been confirmed if the dry basis Btu content of the analysis of such independent laboratory differs from analysis of PURCHASER or PURCHASER's designated laboratory by no more than 100 Btu per pound. With respect to disputes involving other items of the analysis, the analysis of PURCHASER or PURCHASER's designated laboratory shall be deemed to have been confirmed if the difference between the analysis of such independent laboratory and analysis of PURCHASER or PURCHASER's designated laboratory is within the tolerances specified in the then current American Society of Testing and Materials Standards.

In the event that a difference in any disputed item of PURCHASER or PURCHASER's designated laboratory analysis and the independent laboratory's analysis of the referee sample exceeds

tolerances specified in the then current ASTM Standards, the complete analysis of the referee sample shall govern.

12.01 Suspension of Shipments for Coal Quality Deficiencies. Should the coal quality of any Shipment fail to comply with any of the coal suspension limits stated in Section 10.01 of this Agreement, PURCHASER shall have the right to suspend immediately all Shipments by giving notice of the suspension to SELLER and PRODUCER. After receipt of such notice, PRODUCER shall immediately commence appropriate action and use its best efforts to correct the deficiency. PRODUCER shall furnish PURCHASER with such documentation as PURCHASER may reasonably require to assure PURCHASER of PRODUCER's ability to perform. If PURCHASER is reasonably assured that PRODUCER can deliver coal which complies with the typical specifications of Section 10.01, then a test Shipment shall be scheduled. If analysis by PURCHASER shows the test Shipment to be in compliance with the typical specifications of Section 10.01, deliveries shall be permitted to resume. PURCHASER shall have the sole right to determine if PRODUCER shall be allowed to make up any Tonnage not delivered during the suspension.

If PURCHASER does not receive adequate assurance of PRODUCER's ability to deliver coal which complies with the typical coal specifications, within thirty (30) days of suspension notice, or such longer period as PURCHASER may allow, or if the test delivery fails to comply with the typical coal

specifications, PURCHASER shall so notify PRODUCER of such failure, and, subject to the limitations set forth in Section 28.01, this Agreement may be immediately terminated, at PURCHASER's option.

12.02 Termination of Agreement for Coal Quality Deficiencies. In addition to and not as a limitation upon other rights of PURCHASER, if during a sixty (60) consecutive day period following notice to SELLER of failure to comply with Section 10.01, forty percent (40%) of the coal shipped fails to comply with any of the typical coal specifications set forth in Section 10.01, SELLER and PRODUCER shall be in material breach of this entire Agreement and PURCHASER, subject to the limitations set forth in Section 28.01, shall have the right to immediately terminate this Agreement.

In the event PURCHASER terminates this Agreement under this Section 12.02 or Section 13.01, or suspends delivery pursuant to the provisions of Section 12.01, and in addition to other remedies provided by this Agreement or by law, SELLER and PRODUCER shall be liable to PURCHASER for breach of the entire Agreement and shall be responsible and shall pay PURCHASER for any and all costs incurred by PURCHASER under this Agreement and other contracts with transportation companies which result from such termination or suspension of Shipments hereunder.

12.03 Rejection of Coal for Coal Quality Deficiencies. In addition to and not a limitation upon its suspension or

termination rights, PURCHASER shall have the right to reject any unit train should the quality of coal of that unit train show, by analysis (including analysis as provided in Section 7.01), failure to comply with the rejection limits as set forth in Section 10.01. PURCHASER shall give prompt notice to PRODUCER of any rejection of unit trains hereunder. After notification by PURCHASER of a rejected unit train, PRODUCER shall not resume Shipments until coal quality has been corrected to PURCHASER's satisfaction. In the event that PURCHASER rejects any coal, PRODUCER shall immediately remove said coal from PURCHASER's facilities or from transportation equipment at PRODUCER's expense and shall reimburse PURCHASER all its costs and expenses, including transportation cost, incurred in connection with the coal, all of which costs PURCHASER may deduct from any sum owed by PURCHASER to PRODUCER.

In the event that PURCHASER, at its sole discretion, accepts coal in which the "as received" analysis exceeds any rejection limit as set forth in Section 10.01, the following price adjustments shall apply:

Moisture Adjustment	-	$3.00 per Ton for each one (1) percent or any fraction thereof
Ash Adjustment	-	$3.00 per Ton for each one (1) percent or any fraction thereof
Btu Adjustment	-	$2.00 per Ton for each 100 Btu's or fraction thereof

PURCHASER's election to accept coal that exceeds the rejection limits and receive an adjustment will not affect any other remedy or price adjustment under the Agreement, including PURCHASER's right to reject coal shipped thereafter which exceeds the rejection limits as set forth in Section 10.01. Examples of the application of these quality adjustments are listed in Annex G.

12.04 Suspension and Termination of Agreement for Operational Considerations. PURCHASER shall have the right to suspend deliveries hereunder if it determines through its sole judgement that coal does not perform satisfactorily in PURCHASER's generating plant(s) because of operational considerations. Should such determination be made by PURCHASER, PURCHASER shall give SELLER and PRODUCER written notice of such determination and suspension. SELLER may, upon a suspension, propose means to overcome the problem giving rise to such adverse effect. If within ninety (90) days after suspension of deliveries under this Section SELLER has been unable to propose an acceptable means to overcome the problem to PURCHASER's satisfaction, PURCHASER shall have the exclusive right to immediately terminate this Agreement. If PURCHASER elects to terminate this Agreement for operational considerations as provided herein, then the payment provisions of Section 13.02 below shall apply except that PURCHASER shall pay to SELLER fifty percent (50%) of the sum provided for therein.

PURCHASER and SELLER and PRODUCER agree that the provisions of this Section 12.04 shall not be in effect until PURCHASER's obligation to pay the fixed component has expired or been terminated as stated in Section 4.01.

13.01 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of their respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other ninety (90) days notice in writing of its intention to do so and specifying the default. At the expiration of said ninety (90) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election, subject to the limitations set forth in Section 28.01, to terminate this Agreement forthwith. This right shall be in addition to the rights provided to either party in other portions of this Agreement and by law.

13.02 Unilateral Termination Right. In addition to any other termination rights provided in this contract or at law, PURCHASER expressly reserves the right, upon six (6) months prior written notice to SELLER, to unilaterally terminate this Agreement; provided, however, that PURCHASER shall pay to SELLER an amount equal to $5.00 per Ton, multiplied by the remaining minimum number of Tons scheduled for delivery from the effective termination date herein through the then current date for

termination. Said payment by PURCHASER to SELLER shall constitute SELLER's sole remedy against PURCHASER for any loss, cost, or damage incurred by SELLER as a result of PURCHASER's termination under this Agreement. PURCHASER shall have no further obligation or liability under this Agreement or at law except with respect to coal delivered prior to said termination date or as otherwise provided. PURCHASER and SELLER agree that the provisions of this Section 13.02 shall not be in effect until PURCHASER's obligation to pay the fixed component has expired or been terminated as stated in Section 4.01.

14.01 Force Majeure. "PRODUCER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of PRODUCER which wholly or in substantial part prevents the mining or delivery of coal. "PURCHASER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of PURCHASER which wholly or in substantial part prevents the unloading, storing or burning of coal by PURCHASER at its destination. Examples (without limitations) of force majeure are the following: acts of God; acts of the public enemy; insurrections; riots; strikes; labor disputes; work stoppages; fires; explosions; floods; electric power failures; breakdowns of or damage to generating or preparation plants; interruptions to or contingencies of transportation; embargoes; and orders or acts of civil authority (including, without limitation, a city or county ordinance, an act of a state legislature, an act of the United

States Congress) or military authority; provided, however, for the purposes of this Agreement, force majeure shall not include, and PRODUCER shall not be excused from performance because of the development or existence of economic conditions which may adversely affect the anticipated profitability of the mining activities of PRODUCER hereunder, acts or omissions of PRODUCER which constitute mismanagement on the part of PRODUCER, or reduced productivity of labor employed by PRODUCER in its mining activity hereunder.

If because of PURCHASER's Force Majeure PURCHASER is unable to carry out its obligations under this Agreement, and if PURCHASER gives PRODUCER written notice of such force majeure, the obligations and liabilities of PURCHASER and the corresponding obligations of PRODUCER shall be suspended to the extent made necessary by and during the continuance of such PURCHASER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in its sole discretion).

If because of PRODUCER's Force Majeure PRODUCER is unable to carry out its obligations under this Agreement, and if SELLER and PRODUCER gives PURCHASER written notice of such force majeure, the obligations and liabilities of SELLER and PRODUCER and the corresponding obligations of PURCHASER shall be suspended to the

extent made necessary by and during the continuance of such PRODUCER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in its own sole discretion).

Upon elimination of any force majeure condition, PURCHASER may, at its sole option, elect to receive Tonnage not shipped during the force majeure period at a shipping rate to be determined by PURCHASER, but subject to PRODUCER's ability to perform. In the alternative, PURCHASER may, at its sole option, elect to have any Tonnage not delivered during the force majeure period reduce the total tonnage to be shipped, as provided for in this Agreement.

It is agreed that in the event that any valid act, law, ordinance, rule or regulation of a municipality, county, state or the United States government, or final judicial decision, judgement or order, is adopted or passed after the date of this Agreement, which (a) directly prohibits the mining contemplated hereunder, or (b) imposes significant burdens or restrictions upon the burning or use of such coal by PURCHASER to the extent that PURCHASER is unable or would not be allowed to utilize such coal or would be allowed to utilize such coal only after the installation or substantial renovation of plant equipment, then the existence and implementation of such act, law, ordinance,

rule, regulation, judgement or order shall constitute an instance of permanent force majeure whereupon this Agreement, subject to the limitations set forth in Section 28.01, may be terminated by the party so affected.

Notwithstanding the provisions of this Section 14.01, if (a) a condition of force majeure occurs which causes the mutual obligations to be suspended as provided above with respect to the total quantity of coal to be supplied, and (b) such condition (alone or extended by other conditions of force majeure) continues so that the mutual obligations remain suspended for a period of six (6) months, and (c) at the end of said six (6) months or at any time thereafter, the party not claiming force majeure, in the exercise of reasonable judgement, concludes that there is little likelihood of ending the condition(s) in the immediate future, then the party not claiming force majeure may terminate this Agreement, subject to the limitations set forth in Section 28.01, without liability to the other party by giving to the other ninety (90) days notice in writing of its intention to terminate.

Notwithstanding anything contained in this Section 14.01, the PURCHASER's obligation to make the fixed component payments set forth in Section 4.01 shall not be suspended or terminated due to the event of any PURCHASER's Force Majeure or any instance of permanent Force Majeure as defined above.

4666

15.01 Changes in Environmental Related Requirements.

The term "environmental related requirements," as used in this Agreement, means (i) any prohibition, restriction, or limitation related to the quality of coal which PURCHASER may burn, including any constituent specification, at any or all of its electric generating plants, or to the type or amount of emissions from any or all such plants; (ii) any rule or requirements affecting the permissible means for complying with any such prohibition, restriction or limitation; and, (iii) any imposition of a cost, fee, tax or other economic burden on PURCHASER relating to any constituent specification of coal purchased by it, or to the type or amount of emissions from its electric generating plants. A "change" in environmental related requirements shall be deemed to have occurred if there is any increase or decrease in an environmental related requirement or imposition of a new environmental related requirement on PURCHASER as a result of any federal or state statute, local ordinance, administrative regulation or ruling, court order, or any revision in any interpretation or implementation thereof. It is recognized that a change in environmental related requirements upon PURCHASER may occur even though stated as a restriction or limitation on, or requirement of, PURCHASER and its affiliates or some other group of utilities. It is further recognized that any change in environmental related requirements may affect PURCHASER in a general way and may not be directed at specific plants,

467

fuels, fuel supplies or other operating conditions. In this event, PURCHASER shall, in it's sole discretion, determine the strategy for compliance, and whether PURCHASER's use of the coal to be supplied hereunder has been adversely impacted.

The price, specifications, quantity and destination of coal purchased hereunder is predicated on environmental related requirements in effect as of December 1, 1987. In the event and whenever after December 1, 1987, there is a change in environmental related requirements, PURCHASER shall determine whether such change has had or may have an adverse impact on PURCHASER's use of the coal purchased hereunder. It is agreed that any change in environmental related requirements which imposes a fee, tax or other economic burden on PURCHASER relating to the constitutent specifications of coal purchased by it or on the type or amount of emissions from PURCHASER's electric generating plants, or prevents PURCHASER from utilizing the coal purchased hereunder in its electric generating plants, or requires PURCHASER to install equipment (such as flue gas desulfurization equipment or particulate removal equipment) at one or more of its electric generating plants in order to comply with such change, or requires or permits PURCHASER to utilize coal of a quality (including sulfur content) different from that specified in Section 10.01, shall be deemed to have an adverse impact on PURCHASER's use of the coal purchased hereunder, even though the statute, regulation, ruling or ordinance may allow

PURCHASER a choice of options for complying with such changed environmental related requirements (which choice may include the payment of a fee or tax in lieu of the installation of equipment or utilization of coal of different constituent specifications).

If PURCHASER determines that a change in environmental related requirements has had or may have an adverse impact on PURCHASER's use of the coal purchased hereunder, PURCHASER shall so notify SELLER and PRODUCER, and SELLER and PRODUCER shall have the right, at their option, to propose any steps available to them, within thirty (30) days of PURCHASER's notification to SELLER and PRODUCER, in the mining and processing of the coal, or in the supply of substitute coal, or in the reduction in the price of the coal, or other measure which would result in as low a delivered cost of fuel at PURCHASER's electric generating plant(s) as PURCHASER could achieve by purchasing reasonably available substitute fuel. In the event PURCHASER, in its sole discretion, determines that SELLER and PRODUCER cannot achieve this result, then PURCHASER may terminate this Agreement upon ninety (90) days' written notice. PURCHASER shall have the right to give such notice either before or after the effect of a change in environmental related requirements. PURCHASER and SELLER agree that the provisions of this Section 15.01 shall not be in effect until PURCHASER's obligation to pay the fixed component has expired or been terminated as stated in Section 4.01.

469

16.01 Independent Contractor. This is an Agreement for the Sale and Purchase of coal. The parties recognize and agree that SELLER and PRODUCER are not agents or employees of PURCHASER but are independent of any managerial or other control or direction by PURCHASER in its work hereunder, and are free to perform, by such means and in such manner as they may choose, all work in pursuance of commitments hereunder.

17.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 18.01.

18.01 Assignments. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party (which shall not be unreasonably withheld), which consent shall not be required for SELLER or PRODUCER or agent for SELLER and PRODUCER to assign, pledge or hypothecate this Agreement purely for financing purposes and without relinquishing its own performance obligations under this Agreement, and in the event such should be done, PURCHASER's obligation to make fixed component payments under Section 4.01 shall not be suspended, expire or be terminated (except pursuant to such section) for any reason whatsoever including breach by any party to this Agreement, and the assignee may enforce rights and remedies under its assignment documents or at law to obtain a new assignee to take the place of PRODUCER, SELLER, Agent for SELLER and PRODUCER and/or Sales Agent under this Agreement

(which new assignee may substitute supply from a different reserve source(s) and shipping point(s)), and no consent shall be required with respect thereto. The PURCHASER agrees that the assignee or such new assignee shall have all the rights provided hereunder to cure defaults, provided however that any such default shall be cured within 180 days of notice by PURCHASER of its intent to terminate this Agreement, given after rise of rights of PURCHASER to terminate this Agreement. In the event the Agreement is assigned for financing purposes (as set out in this Section) PURCHASER agrees, upon being notified of such assignment and the identity of the assignee, to give the assignee sixty (60) days notice prior to any amendment of the Agreement. PURCHASER further agrees to simultaneously copy such assignee with any notice to SELLER or PRODUCER of non-performance under the Agreement. Without assigning this Agreement or any rights or obligations hereunder and without relieving PURCHASER of any of its performance obligations hereunder, PURCHASER shall have the right to sell all or any portion of the coal under this Agreement at any time during the primary term or one or both extended terms. PURCHASER may, without consent of SELLER or PRODUCER, assign all or any portion of this Agreement to any company within The Southern Electric System and may exercise its right to divert coal Shipments to other destinations under Section 6.01 without consent of SELLER or PRODUCER.

19.01 Right of Inspection; Accounting. SELLER and PRODUCER shall keep accurate books and records relating to the sale of coal to PURCHASER hereunder in accordance with sound and accepted accounting principles and shall make such reports as have been specified or reasonably requested by PURCHASER. SELLER and PRODUCER shall also preserve in an orderly manner the records supporting all charges and adjustments to the billing price hereunder and shall make such records available to PURCHASER, its accountants, auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine such books and records after reasonable notification of its intent to inspect. In the event, upon audit, it is determined that claims made by SELLER and PRODUCER for adjustments in price which were allowed to go into effect by PURCHASER were not properly calculated, adjustments shall be made promptly in billings hereunder for current coal deliveries to reflect proper amounts of such adjustments or if no billings are then due, payments reflecting the difference between the proper amounts determined by audit and the amounts paid shall be made, however, no such adjustment shall be made for coal delivered in excess of twenty-four (24) months prior to such audit.

19.02 Right of Inspection; Coal Property. PURCHASER or its designated agent, at its sole risk and expense, shall have the right at all times to enter upon the Coal Property, and/or other appropriate locations, announced or unannounced and to inspect

and examine the method, equipment and manner of mining, producing, storing, washing, blending, crushing, loading, unloading, transporting, sampling, weighing, analyzing, and other handling of coal to be sold and delivered under the Agreement, and to take samples of coal for PURCHASER's analyses. No inspection by PURCHASER shall be deemed as a waiver of any of PURCHASER's rights or relieve SELLER or PRODUCER of any obligation of this Agreement.

20.01 Waiver. The failure of either party to insist on strict performance of any provision of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or right. Without limiting the generality of the foregoing sentence, the parties agree that any failure by PURCHASER to insist upon strict compliance by SELLER or PRODUCER for any period of time shall not constitute a modification of this Agreement, and PURCHASER shall at all times be entitled to insist upon SELLER's or PRODUCER's compliance with the requirements of this Agreement.

21.01 Remedies Cumulative. Except as otherwise provided herein, remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

22.01 Notices. With the exception of SELLER's shipping notices as required by Section 7.01, any notice, request, protest, consent, demand, report or statement given by one party to the other shall be in writing and deemed duly received

seventy-two (72) hours after it is deposited in the United States mail, by certified mail, postage prepaid, and properly addressed as follows:

(1) If the notice is to PURCHASER, to:

Vice President, Fuel Services
Southern Company Services, Inc.
P. O. Box 2625
BIN 852
Birmingham, AL 35202

with copy to:

Manager, Fuel Services
Georgia Power Company
333 Piedmont
P. O. Box 4545
Atlanta, Georgia 30302

(or to such other person or addresses as PURCHASER shall have designated in writing to SELLER or PRODUCER).

(2) If the notice is to SELLER or PRODUCER, to:

Delta Coals, Inc.
95 White Bridge Road, S/404
Nashville, Tennessee 37205

with copy to:

Pardee Coal Company, Inc.
P. O. Box 668
Norton, Virginia 24273

(or to such other or additional person or address as SELLER shall have designated in writing to PURCHASER).

23.01 Agent for PURCHASER. Southern Company Services, Inc., an Alabama corporation, is hereby designated by PURCHASER as agent for PURCHASER to act for and on behalf of PURCHASER for the purpose of giving or receiving any notice, demand or request

required or authorized by this Agreement, for the purpose of designating the quantity, size, destination and routing of Shipments to be made from time to time to PURCHASER hereunder, and for such other purposes as may from time to time be designated by PURCHASER.

23.02 Agent for SELLER and PRODUCER. Delta Coals, Inc., a corporation, is hereby designated by SELLER and PRODUCER as agent for SELLER and PRODUCER to act for and on behalf of SELLER and PRODUCER for the purpose of giving and receiving any notice, demand or request required or authorized by this Agreement, for receiving payments by PURCHASER, and for such other purposes as may from time to time be designated by SELLER and PRODUCER.

24.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

25.01 Applicable Law. All questions concerning the execution, construction, performance, breach or enforcement of this Agreement shall be resolved under the substantive laws of the State of Georgia and not just the Georgia laws regarding conflicts of laws.

25.02 Compliance with Laws and Regulations. In connection with the performance of this Agreement, PURCHASER and SELLER and PRODUCER agree to comply in all material respects with governmental laws and regulations including those set forth in Annex J, attached hereto.

26.01 Entire Agreement. This instrument contains the entire Agreement between the parties, and there are no representations, understandings or agreements, oral or written, which are not included herein. This Agreement cannot be changed except by duly authorized representatives of both parties in writing.

27.01 Confidential and Proprietary Information. The terms and conditions (including prices) set forth in this Agreement are considered by PURCHASER and SELLER and PRODUCER to be confidential and proprietary information and neither party shall disclose any such information to any third party (except for potential assignees) without advance written consent of the other (which consent shall not be unreasonably withheld) except where such disclosure may be required by law, regulation or regulatory agencies having jurisdiction over PRODUCER or PURCHASER or in connection with assertion of a claim or defense in judicial or administrative proceedings involving the parties hereto, in which event the party to make such disclosure shall advise the other in advance and cooperate to the extent practicable to minimize the disclosure of any such information.

28.01 Right of Substitution. Until such time as the PURCHASER's obligation to make the fixed component payments under Section 4.01 has expired or been terminated, in the event SELLER or PRODUCER are unable to satisfy the requirements of this Agreement, including by reason of force majeure, so as to give

rise to the rights of PURCHASER to terminate this Agreement, the SELLER or its assigns will have the right, within 180 days from receipt of written notice from PURCHASER of the intention to terminate this Agreement, given after rise of rights of PURCHASER to terminate this Agreement, to substitute another supply of coal and/or PRODUCER that meets all the requirements of this Agreement, which substitute supply may involve a different reserve source(s) and shipping point(s). It is understood that the coal specifications set forth in Section 10.01 for such substitute supply of coal may be modified for Btu, Moisture, and Ash only; provided however, that such modified coal specifications shall not exceed the rejection limits set forth in Section 10.01 and are approved by PURCHASER, which approval shall not be unreasonably withheld. If the coal specifications are modified herein, the price of such substitute coal will be adjusted for heat content to reflect PURCHASER's delivered cost under the Agreement. In addition, the price will be adjusted fifty cents ($.50) for each increased percentage point for typical Moisture and Ash. Upon such acceptable substitution, PURCHASER shall restore any suspended payments to SELLER or its assignee in accordance with this Agreement. If restoration or substitution of the coal supply and/or PRODUCER is not accomplished in accordance with this Agreement within the aforesaid 180 day period, then PURCHASER may terminate the Agreement as provided herein.

477

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, on the date indicated by their signatures.

ATTEST:

GEORGIA POWER COMPANY (PURCHASER)

Its Senior Vice President

Date Executed 11/9/87

ATTEST:

DELTA COALS EQUITY COMPANY, INC. (SELLER)

Its PRESIDENT

Date Executed 11/6/87

ATTEST:

Asst. Sec.

HUMPHREYS ENTERPRISES, INC. (PRODUCER)

Its Vice President

Date Executed 11/6/87

ATTEST:

Asst Sec.

GREATER WISE, INC. (PRODUCER)

William D. Humphreys

Its President

Date Executed 11/6/87

ATTEST:

Asst Sec.

RED RIVER COAL COMPANY, INC. (PRODUCER)

William D. Humphreys

Its Vice President

Date Executed 11/6/87

ATTEST:

Asst Sec.

PARDEE COAL COMPANY, INC. (PRODUCER)

William D. Humphreys

Its Vice President

Date Executed 11/6/87

ATTEST:

DELTA COALS, INC. (SALES AGENT)

Its PRESIDENT

Date Executed 11/6/87

ANNEX A

COAL PROPERTY

TO BE PROVIDED BY PRODUCER BY December 1, 1987

ANNEX B
(REFERENCE TO SECTION 4.02)
BASE PRICE COMPONENT VALUES AS OF DECEMBER 1, 1987

Section	Description	Per Ton
4.03	Labor Costs	$ 7.43
4.04	Materials & Supplies Costs	$11.60
4.05	Other Costs	$ 7.70
4.07*	Unescalated Portion	$ 3.00
	Total Base Price Per Ton	$29.73

*All costs of government imposition are included in the unescalated portion of the base price.

ANNEX C
(REFERENCE TO SECTION 4.03)

LABOR

COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

DESCRIPTION	HYPOTHETICAL BASE INDEX December 1987	HYPOTHETICAL INDEX February 1988
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.58

$$\text{Percentage Increase: } \frac{\$15.58 - \$15.33}{\$15.33} = 1.6\%$$

ncrease in labor component of base price:

1.6% x $7.43 = $0.12

Adjustment to be added to the Billing Price effective April 1, 1988:

Cumulative Adjustment	$.12
Less Previous Adjustment	.00
Adjustment Effective 04/01/88	$.12 per ton

ANNEX C
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX December 1987	HYPOTHETICAL INDEX February 1989
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.70

$$\text{Percentage Increase: } \frac{\$15.70 - \$15.33}{\$15.33} = 2.4\%$$

Increase in Labor Costs of base price:

2.4% x $7.43 = $0.18

Adjustment to be added to the Billing Price effective April 1, 1989:

Cumulative Adjustment	$.18
Less Previous Adjustment	.12
Adjustment Effective 4/1/89	$.06 per ton

NOTE: The index values to be used are those first published.

ANNEX B
(Reference to Section 4.04)

Computation of Adjustment for Change in Materials and Supplies Component

NOTE: Figures used are for hypothetical and illustration purposes only and are not meant to predict actual changes in the composite index values.

BLS Code	Classification	Index Weight	Hypothetical Base Index December 1987	Hypothetical Base Weighted Index	Hypothetical Index For August 1988	Hypothetical Weighted Index For August 1988
057	Petroleum Products - Refined	20%	409.1	81.8	411.3	82.3
PPI	All commodities	80%	312.0	249.6	320.0	256.0
	Composite Index Numbers	100%		331.4		338.3

$$\text{Percentage Increase: } \frac{338.3 - 331.4}{331.4} = 2.1\%$$

Increase in Materials and Supplies Component of Base Price:

2.1% x 11.60 = 0.24

Adjustment to be added to the Billing Price effective October 1, 1988:

Cumulative Adjustment	$ .24
Previous Adjustment	- .00
Adjustment Effective 10/01/88	$ .24

dianadi

ANNEX B
(continued)

BLS Code	Classification	Index Weight	Hypothetical Base Index December 1987	Hypothetical Base Weighted Index	Hypothetical Index For November 1989	Hypothetical Weighted Index For November 1989
057	Petroleum Products - Refined	20%	409.1	81.8	409.7	81.9
PPI	All Commodities	80%	312.0	249.6	330.0	264.0
	Composite Index Numbers	100%		331.4		345.9

Percentage Increase: $\frac{345.9 - 331.4}{331.4} = 4.4\%$

Increase in Materials and Supplies Component of Base Price:

4.4% x $11.60 = $.51

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$ .51
Previous Adjustment	- .24
Adjustment Effective 1/01/89	$ .27

485

dianxd2

ANNEX E
(Reference to Section 4.05 Other Costs)

Computation of Adjustment for Change in Other Costs

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the CPI-W.

DESCRIPTION	HYPOTHETICAL BASE INDEX DECEMBER 1987	HYPOTHETICAL INDEX FEBRUARY 1988
CPI-W	340.0	342.0

Percentage Increase: $\frac{342.0 - 340.0}{340.0} = .6\%$

Increase (decrease) in Other Costs:

.6% x $7.70= $.05

Adjustment to be added to the Billing Price effective April 1, 1988:

Cumulative Adjustment	$ .05
Previous Adjustment	.00
Adjustment Effective 04/01/88	$ .05

NOTE: The preliminary index values are to be used.

ANNEX E
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX DECEMBER 1987	HYPOTHETICAL INDEX NOVEMBER 1988
CPI-W	340.0	348.0

Percentage Increase: $\frac{348.0 - 340.0}{340.0} = 2.4\%$

Increase (decrease) in Other Costs:

2.4% x $7.70 = $.18

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$.18
Previous Adjustment	-.05
Adjustment effective 1/01/89	$.13

NOTE: The preliminary index values are to be used.

ANNEX F
(REFERENCE TO SECTION 4.09)
COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is calculated as follows:

Assume:

1. The monthly weighted average "as received" calorific value equals (a) 13,200 Btu per pound and (b) 12,700 Btu per pound.

2. The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.06 = $30.00 per ton.

3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = $1.51 per ton (base amount) + $.30 per ton (adjustments) = $1.81 per ton.

4. The variable portion of the transportation rate = $10.00.

Example of Calculation

(a) 13,200 Btu per pound

1. $\frac{13,200}{13,000} = 1.015$

2. 1.015 ($30.00 + $10.00 - $1.81) = $38.76

3. Calorific Value Adjusted Price = $38.76 - $10.00 + $1.81 = $30.5

(b) 12,700 Btu per pound

1. $\frac{12,700}{13,000} = .977$

2. .977 ($30.00 + $10.00 - $1.81) = $37.31

3. Calorific Value Adjusted Price = $37.31 - $10.00 + $1.81 = $29.12

ANNEX G
(REFERENCE TO SECTION 12.03)
COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

Rejection Adjustment Provisions

Moisture Content (%)	Moisture Adjustment	Ash Content (%)	Ash Adjustment
11.00 - 11.99	$ 3.00/ton	13.00 - 13.99	$ 3.00/ton
12.00 - 12.99	$ 6.00/ton	14.00 - 14.99	$ 6.00/ton
13.00 - 13.99	$ 9.00/ton	15.00 - 15.99	$ 9.00/ton
14.00 - 14.99	$12.00/ton	16.00 - 16.99	$12.00/ton
etc.	etc.	etc.	etc.

Btu Content	Btu Adjustment
12,000 - 11,901	$2.00/ton
11,900 - 11,801	$4.00/ton
11,800 - 11,701	$6.00/ton
11,700 - 11,601	$8.00/ton
etc.	etc.

Example of rejection adjustments

For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture
13.56% Ash
11,958 Btu

$ 6.00/ton Moisture rejection adjustment
$ 3.00/ton Ash rejection adjustment
$ 2.00/ton Btu

$11.00/ton Total rejection adjustment

ANNEX H

COAL PREPARATION AND ANALYSIS

LABORATORY PROCEDURES

A. AIR DRYING - LABORATORY SAMPLE

An empty non-corroding pan with sides not more than 1.5 inches high will be weighed to the nearest 0.1 gram and the weight recorded as W . The entire U.S. No. 8 coal sample (including polyethylene bag and pan) will be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W . The coal will be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag will be placed in an air-drying oven at no more than 15 C (27 F) above room temperature, not to exceed 40 C (104 F). The polyethylene bag will be placed next to the pan containing the coal. Air drying will be continued for predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air will be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation will be done. The air-dried coal plus polyethylene bag and pan will be weighed to the nearest 0.1 gram and the weight recorded as W . Any coal remaining in the sample bag will be removed and added

to the sample in the pan. The pan plus the air-dried coal will be weighed to the nearest 0.1 gram and the weight recorded as W_3. The percent air-drying loss is calculated as follows:

$$\text{Percent Air Drying Loss} = \frac{W_2 - W_3}{W_2 - (W_1 + (W_3 - W_1))} \times 100$$

Where: W_1 = Weight of empty pan

W_2 = Weight of the wet coal sample plus bag plus pan

W_3 = Weight of the air-dried coal sample plus bag plus pan

W_4 = Weight of the air-dried coal sample plus pan only

B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample will mixed thoroughly by stirring. A residual moisture sample of 74 + 25 grams will be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample will be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle will then be placed on a mixing wheel and mixed for approximately 20 minutes.

After mixing, the residual moisture in the air-dried U.S. No. 8 coal will be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height)

with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_1. Approximately 10 grams of coal will be placed in the tared aluminum pan. The sample and pan (including the cover) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_2. The pan (with cover removed) containing the sample along with the cover will be dried in a box type, forced-air oven maintained at a temperature of 107 + 3 C for a period of one and one-half hours. After heating, the cover will be placed on the sample pan, the covered pan with sample will be removed from the oven and placed in a desiccator containing indicating grade activated alumina of equivalent for approximately 20 minutes. The pan containing the sample will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_3. The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

$$\text{Percent Residual Moisture in U.S. No. 8 Coal} = \frac{W_2 - W_3}{W_2 - W_1} \times 100$$

Where: W_1 = Tare weight of aluminum pan and cover

W_2 = Weight of the wet coal sample plus pan and cover

W_3 = Weight of dried coal sample plus pan and cover

492

C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

$$\frac{(100 - \% \text{ Air Drying Loss}) \times (\% \text{ Residual Moisture}) + \text{Air Drying Loss}}{100}$$

D. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

The entire air-dried sample remaining after the residual moisture sample is removed will be transferred to an enclosed pulverizer (Holmes design or equivalent) and reduced to approximately U.S. No. 60. After the sample is pulverized, the front of the pulverizer will be opened and all sample particles from inside and underneath the pulverizer screens will be brushed into the pulverizer pan.

E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample will be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams will be passed through on a U.S. No. 6 sieve; any oversize retained on the sieve will be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample will be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle will also contain several jack rocks to facilitate mixing. The bottle will then be placed on a mixing wheel and mixed for approximately 20 minutes. This is

the laboratory analysis sample and is ready for the laboratory determinations.

F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A glass capsule (glass weighing bottle) approximately 25 mm in diameter and 40 mm in height with a ground glass cap, both of which have been previously dried and cooled in a desiccator, will be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . Approximately one gram of coal will be placed in the tared glass capsule. The sample and glass capsule (including cap) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W . The capsule (with cap removed) containing the sample along with the cover will be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 + 3 C for on hour. The cap will be placed on the capsule, the covered capsule will be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weighed on an analytical balance to the nearest 0.1 milligram. Record this weight as W . The percent moisture in the U.S. No. 60 coal is calculated as follows:

$$\text{Percent Moisture in U.S. No. 60 Coal} = \frac{W - W}{W - W} \times 100$$

494

Where: W_1 = Weight of empty glass capsule and cap

W_2 = Initial weight of coal sample plus glass capsule and cap

W_3 = Final weight of coal sample after drying plus glass capsule and cap

G. ASH

A porcelain capsule 22 mm in depth and 44 mm in diameter with cover will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_4. Approximately 1 gram of coal will be placed in the tared porcelain capsule. The sample and porcelain capsule (including cover) will be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W_5. The capsule (with cover removed) containing the sample will be placed in a cold muffle furnace (means will be provided for maintaining air flow at a rate of two to four air changes per minute moving throughout the furnace) and heated gradually at such a rate that the temperature reaches 450 to 500 C in the first hour, 750 C in the second hour, and held at 750 C for two additional hours. The capsule will be removed from the muffle furnace and allowed to cool for approximately five minutes. After cooling, the cover (which has been kept in an oven at 107 + 3 C during the ashing process) will be placed on the capsule and both placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 30 minutes and weighed to the

nearest 0.1 milligram on an analytical balance. This weight is recorded as W_3. The percent ash is calculated as follows:

$$\text{Percent Ash in Analysis} = \frac{W_3 - W_1}{W_2 - W_1} \times 100$$

Where: W_1 = Weight of empty capsule and cover

W_2 = Weight of analysis sample plus capsule and cover

W_3 = Weight of ash plus capsule and cover

H. VOLATILE MATTER

Volatile matter, when required, will be determined by the method in ASTM Designation D 3175-82.

I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) will be determined by the method in ASTM D 2015-77.

J. SULFUR

Sulfur will be determined by one of the methods in ASTM Designation D 4239-83.

K. ASH FUSION TEMPERATURE

The ash fusion temperature will be determined following the concepts specified in ASTM Designation D 1857-68. A furnace which will maintain the traditional oxidizing or reducing atmospheres shall be used in conjunction with a digital type image recording device. Such a device shall be

4960

capable of reporting the desired temperature readings with precision compatable with ASTM D 1857-68.

L. GRINDABILITY

Grindability will be determined by the method in ASTM Designation D 409-71; however, while it is recognized that this ASTM standard specifies a four mesh sample be used, practicality dictates that eight mesh samples will be used since most sampling systems produce an eight mesh product.

M. CALCULATIONS

Calculations of ash, volatile matter, Btu, and sulfur will be made as follows:

$$\text{Dry Basis} = \frac{\text{Uncorrected (As-Determined U.S. No. 60 Sample) Results} \times 100}{100 - (\% \text{ Moisture in U.S. No. 60 Sample})}$$

$$\text{As Received Basis} = \frac{(100 - \% \text{ Total Moisture}) \times (\% \text{ Dry Basis})}{100}$$

N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

Instrumental analytical alternatives may be used in lieu of techniques and equipment described above. The use of such instrumental methods shall be considered and agreement shall be sought on a case-by-case basis by both parties. Such instrumental methods must have a level of precision and accuracy similar to, or better than, that stated in the current ASTM method of analysis of the parameter in question.

ANNEX I NOT USED

ANNEX J
(REFERENCE TO SECTION 27.02)

LAWS AND REGULATIONS

Because PURCHASER has entered into contracts with the United States of America and by doing so has agreed to various federal labor requirements, during the performance of this contract, SELLER agrees as follows:

a) SELLER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.

b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.

c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor.

e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.

f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.

g) SELLER shall include the provisions of Paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

h) This agreement incorporates by reference all applicable clauses of Title 41 of the Code of Federal Regulations (C. F. R.) Section 60-741, relating to the employment of the handicapped, referencing affirmative action clause provision 060-741.4 , 41 C.F.R. Section 60-250 relating to the employment disabled veterans and veterans of the Vietnam era; referencing affirmative action clause provision 60-250.4, and 41 C.F.R. subpart 1-1.1310 relating to utilization of minority business enterprises, according to the applicable conditions thereof.

ANNEX K
(REFERENCE TO SECTION 10.01)
COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

$$\text{Pounds of sulfur per million Btu} = \frac{\text{Percent Sulfur} \times 10{,}000}{\text{heating value}}$$

$$= \frac{.75 \times 10{,}000}{\text{12,800 Btu per pound}}$$

$$= 0.59$$

AGREEMENT BETWEEN FUELCO, INC. AND
MISSISSIPPI POWER COMPANY FOR THE SALE
AND PURCHASE OF COAL FROM READING AND BATES COAL COMPANY

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Inc., a coporation organized and existing under the laws of the State of Mississippi ("SELLER"), and Mississippi Power Company, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER").

WHEREAS, PURCHASER and SELLER entered into the Second Amended and Restated Agreement Between FuelCo, Inc. and Mississippi Power Company for the Sale and Purchase of Coal, effective January 1, 1987 ("the FuelCo-MPC Agreement"); and

WHEREAS, with PURCHASER concurrence, SELLER has entered the Agreement between FuelCo, Inc. and Reading and Bates Coal Company for the Sale and Purchase of Coal, effective October 1, 1987 (the "Reading and Bates Agreement") for the purpose of providing PURCHASER coal under its obligations pursuant to the FuelCo-MPC Agreement; and

WHEREAS, the terms and conditions of the Reading and Bates Agreement are more favorable to both PURCHASER and SELLER than the terms of the FuelCo-MPC Agreement and therefore PURCHASER and SELLER wish to modify the terms of the FuelCo-MPC Agreement

to incorporate the more favorable terms as contemplated by Section 2.02 of the MPC FuelCo Agreement;

NOW THEREFORE, in consideration of the premises and the agreement stated herein, PURCHASER and SELLER agree as follows:

1. SELLER shall sell and PURCHASER shall purchase coal which SELLER has acquired under the Reading and Bates Agreement. PURCHASER shall designate from time to time in writing the quantity of such coal to be purchased under this Agreement; provided, however, the total annual quantity of coal purchased under this Agreement plus the total quantity purchased from SELLER under the FuelCo-MPC Agreement, or any agreement thereunder, shall be no less than the initial tonage required by Section 8.01 of the FuelCo-MPC Agreement. Any quantity purchased in excess of such initial tonage shall be considered option tonage as that term is defined in Section 8.02 of the FuelCo-MPC Agreement.

2. The Base Price to be paid for coal sold and delivered hereunder shall be $45.3629 for all quantities which are initial tonage and $26.00 for all option tonage." These Base Prices shall be escalated or deescalated in accord with the terms of the Readings and Bates Agreement.

3. Billings and payments shall be governed by Section 5.01 of the FuelCo-MPC Agreement and not by Section 5.01 of the Reading and Bates Agreement.

4. The unescalated portion of the Base Price as provided in Section 4.07 of the Reading and Bates Agreement shall be **$23.3129 per ton for all coal applied against the initial tonage and $3.95 per ton for all coal applied against the option tonage.**

5. For purposes of the Calorific Value Adjustment under this Agreement only, the "Billing Price" as that term is defined in Section 4.09 of the Reading and Bates Agreement shall be **$26.00**, adjusted in accord with Sections 4.03 through 4.05 of the Reading and Bates Agreement.

6. Except as provided in this Agreement, all coal purchased under this Agreement shall be governed by the terms and conditions of the Reading and Bates Agreement and not by the terms and conditions of the FuelCo-MPC Agreement. The controlling terms and conditions of the Reading and Bates Agreement are hereby incorporated by reference in this Agreement.

7. This document and the provisions incorporated by reference are the entire Agreement between the parties and there are no representations, understandings or agreements, either oral or written, which are not included herein. This Agreement can not be changed except by duly authorized representatives of both parties in writing.

IN WITNESS WHEREOF, the parties hereto have caused this

Agreement to be executed by their respective officers duly authorized on the date indicated by their signatures.

MISSISSIPPI POWER COMPANY

BY: _____
ALAN R. BARTON, PRESIDENT

DATE EXECUTED: 12/22/87

ATTEST:

_____

FUELCO, INC.

BY: _____
J. A. BARBER, PRESIDENT

DATE EXECUTED: 1-5-88

ATTEST:

_____
A. M. HORNE, SECRETARY

F-3008

Mississippi River

April 21, 1988

Re: Reading & Bates/Fuelco Letter Agreement
Dated March 18, 1988
C87-598LA2

From: R. K. Dedeaux

To: J. M. McCarthy
T. Miller
H. E. Wilder
F. A. Clark
F. C. Moore
L. Hargrove
E. R. Bentley

Enclosed is the executed Letter Agreement for Reading & Bates which revises Annex F (Computation of Calorific Value Adjustment).

MD/mb

Enclosure

cc: C. R. Darry
File

507

March 18, 1988

Southern Company Services

Mr. William Sturgill, President
Reading & Bates Coal Company
1280 Old Frankfort Pike
Lexington, Kentucky 40504

Fuelco, Inc.
Post Office Box 2625
Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND READING & BATES COAL COMPANY EFFECTIVE OCTOBER 1, 1987 AS AMENDED

Attached hereto is Revised Annex F which correctly outlines the procedure to be followed when calculating Calorific Value Adjustment as outlined in Section 4.09 of the Coal Supply Agreement. Annex F of the Coal Supply Agreement is made null and void.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below.

Sincerely,

Leona R. Russell

Leona R. Russell
Contract Analyst
Fuel Supply Department

bbs

Approved:

Southern Company Services, Inc., as Agent for Fuelco, Inc.

3-18-88
Date

Reading & Bates Coal Company

Date

1a2

508

(REFERRING TO SECTION 4.03)
COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is calculated as follows:

WHERE:

1. The monthly weighted average "as received" calorific value equals (a) 13,200 Btu per pound and (b) 12,700 Btu per pound.

2. The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = **$30.00 per ton.**

3. The total Government Imposition Cost adjustments pursuant to Section 4.06 = **$.30 per ton**

Example of Calculation

(a) 13,200 Btu per pound

1. $$\frac{13{,}200\ (\$30.00 - \$.30)}{13{,}000} = \$30.16$$

2. **$30.16 - ($30.00 - $.30) =**
$.46 Per Ton Calorific Value Adjustment

(b) 12,700 Btu per pound

1. $$\frac{12{,}700\ (\$30.00 - \$.30)}{13{,}000} = \$29.01$$

2. **$29.01 - ($30.00 - $.30) =**
($.69) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,200 Btu per pound, the Calorific Value Adjustment would be **$.46 per ton** for the subject month, and in case (b) 12,700 Btu per pound, such Calorific Value Adjustment would be **($.69) per ton** for the subject month.

Internal
Correspondence

F-2668

Mississippi Power

Date: January 28, 1988

Re: Reading & Bates/Fualco Letter Agreement
C 87598LA1 dated December 18, 1987

From: R. K. Dedeaux

To: J. M. McCarthy
T. Miller
H. R. Wilder
F. A. Clark
R. G. Moore
L. Hargrove
E. R. Bentley
File

Enclosed is the executed Letter Agreement for Reading & Bates regarding annual tonnage requirements for 1988.

R. K. Dedeaux

JAW:ml

Enclosure

cc: C. R. Berry

510

[illegible]
[illegible]
[illegible]

Southern Company Services
the southern electric system

December 18, 1987

Mr. William Sturgill, President
Reading & Bates Coal Company
1280 Old Frankfort Pike
Lexington, Kentucky 40504

FuelCo, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND READING AND BATES COAL COMPANY EFFECTIVE OCTOBER 1, 1987 (HEREINAFTER "THE AGREEMENT")

This letter shall confirm an agreement between Purchaser and Seller to set the 1988 annual tonnage requirement of the Agreement as follows, subject to the subsequently stated conditions:

1st Quarter	-	12 trains per month
2nd Quarter	-	10 trains per month
3rd Quarter	-	12 trains per month
4th Quarter	-	12 trains per month

These deliveries will be subject to the following conditions:

1. First quarter shipments of twelve trains per month is hereby agreed to be firm.

2. If Reading & Bates is notified by January 31, 1988, they shall make available two additional trains per month for the second quarter. Otherwise the ten per month are firm, except at Reading & Bates option to ship requested tonnage thereafter.

3. Third quarter shipments of 12 trains per month is hereby agreed to be firm.

4. Fourth quarter shipments of eight trains per month is the minimum acceptable to Reading and Bates, and this rate must be verified no later than June 30, 1988. Reading & Bates is prepared to ship 12 trains per month during the fourth quarter unless notified to the contrary by June 30, 1988.

All other provisions of the Agreement will remain unchanged. Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below and return two of the three originals to this office.

Sincerely,

Eddy C. Turner
Mine Cost Analyst
Fuel Supply Department

mea

Approved: _____ 12/31/87
Southern Company Services, Inc., Date
As Agent for Fuel Co, Inc.

Approved: _____ 1/12/88
Reading & Bates Coal Company Date

ectws

AGREEMENT BETWEEN FUELCO, INCORPORATED
AND READING AND BATES COAL COMPANY
FOR THE SALE AND PURCHASE OF COAL

TABLE OF CONTENTS

		Page
1.01	Mutual Obligations	1
1.02	Definitions	1
2.01	Seller's Reserves and Preparation for Selling Coal	2
2.02	Seller's Preparation of Mining Plan.	3
3.01	Term of Agreement.	6
4.01	Price Per Ton of Coal.	7
4.02	Adjustment - General	7
4.03	Adjustment for Changes in Labor Costs.	9
4.04	Adjustment for Changes in Materials and Supplies .	10
4.05	Adjustment for Changes in Other Costs.	12
4.06	Adjustment for Changes in Government Imposition. .	13
4.07	Unescalated Portion of Base Price.	16
4.08	Notice and Substantiation of Price Adjustments . .	17
4.09	Calorific Value Adjustment	17
4.10	Excess Ash Adjustment.	18
4.11	Excess Moisture Adjustment	18
4.12	Price Review	19
5.01	Billing and Payment.	20

33	6.01	Shipment	21
34	6.02	Rail Shipments	21
35	6.03	Freight Charges, Title, and Risk of Loss	22
36	6.04	Loading Costs Chargeable to Seller	22
37	6.05	Excess Freight Costs Chargeable to Seller.	23
38	6.06	Payment of Excess Cost to Purchaser.	23
39	7.01	Shipping Notice.	23
40	8.01	Quantity Requirements.	24
41	9.01	Weighing	26
42	10.01	Coal Specifications.	29
[illegible]	11.01	Sampling and Analysis.	30
[illegible]4 45	12.01	Suspension of Shipments for Coal Quality Deficiencies	34
46 47	12.02	Termination of Agreement for Coal Quality Deficiencies	35
48	12.03	Rejection of Coal for Coal Quality Deficiencies.	36
49 50	12.04	Suspension and Termination of Agreement for Operational Considerations	37
51	13.01	Termination for Unremedied Default	38
52	13.02	Unilateral Termination Right	38
53	14.01	Force Majeure.	39
54	15.01	Changes in Environmental Related Requirements.	42
55	16.01	Independent Contractor	45
56	17.01	Binding Effect	45
57	18.01	Assignments.	45
	19.01	Right of Inspection; Accounting.	46
59	19.02	Right of Inspection; Coal Property	47

62	20.01	**Arbitration.**	47
63	21.01	**Waiver**	49
64	22.01	**Remedies Cumulative.**	49
65	23.01	**Notices.**	49
66	24.01	**Agent for Purchaser.**	50
67	25.01	**Captions**	51
68	26.01	**Applicable Law**	51
69	26.02	**Compliance with Laws and Regulations**	51
70	27.01	**Entire Agreement**	51
71	28.01	**Confidential and Proprietary Information**	51

AGREEMENT BETWEEN FUELCO, INCORPORATED AND READING AND BATES COAL COMPANY FOR THE SALE AND PURCHASE OF COAL

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Incorporated, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER"), and Reading and Bates Coal Company organized and existing under the laws of the State of Nevada ("SELLER").

WITNESSETH: That

WHEREAS, PURCHASER, has entered into a separate Agreement with Mississippi Power Company (MPC) for the purchase and sale of coal and PURCHASER intends to use the coal purchased under this Agreement to satisfy its commitment under the separate Agreement.

WHEREAS, SELLER owns or otherwise controls the Coal Property from which SELLER desires to mine and sell coal to PURCHASER.

NOW, THEREFORE, in consideration of the premises and covenants herein, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine coal and sell such coal to PURCHASER and PURCHASER agrees to buy coal from SELLER on the terms and conditions and in the quantities and quality set forth herein.

1.02 Definitions. The following definitions shall apply in this Agreement:

a. "Coal Property" shall mean the real property, mineral interests, preparation plant facilities and loading facilities, with improvement thereto, located in Letcher County, Kentucky and described in Annex "A".

b. "Contract Year" shall mean the period of time from each October 1 through the following September 30 during the term of this Agreement.

c. "Ton" shall mean two thousand pounds avoirdupois weight.

d. "Base Price" is $26.00 per Ton f.o.b. railcar.

e. "Billing Price" is the Base Price adjusted pursuant to Sections 4.03 through 4.06.

f. A "Shipment" shall occur when SELLER delivers coal in sufficient quantities into a unit train or a Tow of Barges.

g. "Barge" shall mean a standard Barge with a 1500 Ton nominal capacity.

h. "Tow" shall mean six Barges.

i. "Calorific Value Adjusted Price" is the Billing Price adjusted pursuant to Section 4.09.

2.01 SELLER's Reserves and Preparation for Selling Coal. SELLER represents and warrants that SELLER owns or controls the Coal Property and that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, shall be sufficient to satisfy the requirements of this Agreement and that all coal delivered hereunder shall be mined from the Coal Property.

No coal shall be shipped from any other source without prior written approval of PURCHASER. PURCHASER shall have the right to terminate this Agreement if coal is shipped under this Agreement from sources other than those stated in the Coal Property.

517

SELLER hereby agrees to commit sufficient reserves of coal in the Coal Property meeting the guaranteed quality specifications of Section 10.01 so as to fulfill the quantity specifications herein. SELLER agrees and warrants that SELLER shall not use or sell coal meeting the quality specifications hereof from the Coal Property in a way that shall reduce the economically recoverable balance of coal in the Coal Property to an amount less than the amount required to be supplied hereunder.

SELLER shall defend the title of PURCHASER with respect to all coal sold hereunder and, with respect to such title, shall indemnify PURCHASER from and against all claims, demands, actions, suits and judgements.

2.02 SELLER's PREPARATION OF MINING PLAN. SELLER shall promptly prepare complete reserve data and a mining plan for the Coal Property and conduct any additional exploration of the Coal Property necessary in connection therewith to demonstrate SELLER's capability to produce coal from the Coal Property meeting the quantity and quality specifications of this Agreement during the term hereof. Two copies of such complete mining plan shall contain maps and narratives depicting areas and seam(s) of coal to be mined and shall include, but not be limited to, the following information: (i) reserves under the ownership or control of SELLER from which the coal shall be produced and the mining sequence, by quarter-years (or such other time intervals as agreed), during the term of this Agreement; (ii) methods of mining such reserves and equipment devoted or to be devoted to

such mining; (iii) methods of transporting and washing coal to insure compliance with the quantity and the quality requirements including a description and flow sheet of the preparation plant; (iv) quality data plotted on maps depicting data points and isolines by seam of bed moisture, ash, sulfur, ash fusion temperature and Btu; (v) quality control plans including sampling and analysis procedures to insure individual Shipments meet quality specifications, and; (vi) SELLER's sales commitments to others from the Coal Property during the term of this Agreement. Such complete mining plan shall be presented to PURCHASER within sixty (60) days from the date of execution of this Agreement. Upon receipt thereof, PURCHASER shall have the right to review such plan, both individually and jointly with SELLER, and to submit such plan to and consult with third parties, if deemed necessary. Within sixty (60) days from receipt of such plan, PURCHASER shall advise SELLER that the mining plan has been approved, or shall specify the aspects of such plan which are, in PURCHASER's opinion, inadequate. The parties shall consult in good faith with respect to matters considered by PURCHASER to be inadequate and SELLER shall, within thirty (30) days after receipt of notice from PURCHASER of inadequacy of the mining plan, submit revisions to correct any deficiency. PURCHASER shall have thirty (30) days from the receipt of such a revision to the mining plan to evaluate such a revision. PURCHASER shall evaluate mining plan on the basis of whether such plan demonstrates SELLER's capability to produce coal from the Coal

519

Property of a quality and in quantities sufficient to meet the requirements of this Agreement. If, in PURCHASER's judgement, such plan as it may be revised during the periods specified herein, fails to provide such demonstration, PURCHASER may terminate this Agreement by giving SELLER thirty (30) days written notice of such termination and neither party shall have any further rights or obligations hereunder.

PURCHASER's receipt, review, acceptance or approval of the mining plan or other information or data furnished by SELLER shall not in any manner relieve SELLER of any of SELLER's obligations or responsibilities under this Agreement, nor shall such review or approval be construed as constituting an approval of SELLER's proposed mining plan as prudent mining practices, such review and approval by PURCHASER being limited solely to a determination, for PURCHASER's purposes, of SELLER's capability to supply coal on a long term basis to fulfill PURCHASER's requirements of a dependable coal supply. After final approval of SELLER's mining plan, SELLER shall provide PURCHASER prior notification of any material variations or deviations therefrom during the term of the Agreement.

SELLER shall annually provide PURCHASER with a mine plan "Update" showing progress to date, conformity to original mining plan, and then known changes in reserve data and planned changes in mining progression, plans or procedures. The Update for each year shall be submitted on or before the anniversary of the execution date of this Agreement.

520

SELLER agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

3.01 Term of Agreement. The term of this Agreement shall commence on October 1, 1987, and expire midnight, September 30, 2007. PURCHASER shall have the options to extend this Agreement for two successive terms of five years each. The right to extend the Agreement for the extended terms is conditioned upon negotiation of mutually agreeable revisions and upon SELLER's having sufficient available coal reserves to satisfy PURCHASER's requirements under this Agreement for such extended terms. The first and second option shall be exercised by PURCHASER by giving SELLER not less than one year's written notice prior to expiration of the then current term. Upon receipt by SELLER of such written notice, PURCHASER and SELLER shall proceed in good faith to negotiate within ninety (90) days mutually agreeable revisions, as aforesaid, for the first or second extended term. If such mutually agreeable revisions are negotiated for the first or second term, then, in each such case, SELLER shall promptly proceed to commit sufficient Tonnage to fulfill its commitment and the term of this Agreement shall be extended thereby for five years, and for an additional five year period, as the case may be. If, within such ninety (90) day period, the parties cannot mutually agree on such revisions to the Base Price for any

extended term, this Agreement shall terminate at the expiration of the then current term.

4.01 Price Per Ton of Coal.

The "Base Price" per Ton of coal is $26.00 per Ton f.o.b. railcar at Sapphire, Kentucky and is not subject to adjustment prior to October 1, 1988 except for adjustment in Government Imposition as specified in Section 4.06.

4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in Sections 4.03 through 4.06; and such adjusted price, excluding adjustments under Section 4.06, is subject to the Calorific Value Adjustment provision of Section 4.09. The Calorific Value Adjusted Price shall be subject to the excess ash provision of Section 4.10 and the excess moisture provision of Section 4.11. The specific components of the Base Price are attached hereto as Annex B. The Base Price with said adjustments, as provided in Section 4.03 through Section 4.06, shall be referred to herein as the "Billing Price." All of such provisions for adjustments contained in this Agreement are subject to the procedures for verification set forth in Sections 4.08 and 19.01 hereof. Adjustments made in computing the Billing Price shall be calculated to the nearest cent per Ton. No dispute concerning price adjustments shall in any way relieve either party of its respective obligations of performance under this Agreement at the then existing Billing Price, including, but not limited to, PURCHASER's obligation to make timely payment and SELLER's

522

obligation to make timely deliveries at the immediately prior Billing Price.

SELLER shall promptly notify PURCHASER, in writing, of all adjustments set forth in Sections 4.03 through 4.06. Adjustments in the Base Price per Ton under such Sections shall apply to coal shipped from and after the later of (1) the effective date(s) of the adjustments as provided hereafter or (2), in cases where the adjustment increases the price, the date on which the PURCHASER received notice from SELLER of such claimed adjustment, if such claim is received more than forty-five (45) days after the effective date permissible for such change. With respect to decreases required to be made by virtue of such adjustment provisions, of which SELLER fails to notify PURCHASER, such adjustments shall be made retroactively as to all coal shipped after the time such adjustment would have applied had notice been given within forty-five (45) days of the effective date of such adjustment.

4.03 Adjustment for Changes in Labor Costs.

All labor related costs covered by the Base Price stated in Section 4.01 are represented by the "Labor Costs Component" of $7.80 per Ton. The Labor Costs Component shall not change.

The Billing Price shall be adjusted for changes in labor costs, as measured exclusively by changes in the Labor Costs Index. The Labor Costs Index shall be the "Established Data, Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, Average Hourly Earnings," as first published in Employment and Earnings by the U. S. Department of Labor. The first published value of the index for May 1988 is the Base Index for price adjustment purposes pursuant to this Section 4.03.

A labor cost adjustment to the Billing Price shall be determined for each October 1, and April 1, during the term of this Agreement, with the first such adjustment effective October 1, 1988. The amount of such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the first published value of the Labor Costs Index for August or February preceding the adjustment during the term of this Agreement. The percentage change in the Labor Costs Index from the level of the Base Index shall be computed to the nearest one-tenth of a percent, and multiplied times the Labor Costs Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then

current Billing Price effective October 1 and April 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.03 are attached hereto as Annex C.

In the event of unavailability of any index described in Section 4.03, price adjustments shall be computed by mutual agreement.

4.04 Adjustment for Changes in Materials and Supplies Costs.

All materials and supplies costs covered by the Base Price stated in Section 4.01 are represented by the "Materials and Supplies Component" of $9.36 per Ton. The Materials and Supplies Component shall not change.

The Billing Price shall be adjusted for changes in materials and supplies costs, as measured exclusively by changes in the Materials and Supplies Index. The Materials and Supplies Index shall be a weighted composite index composed of various price indices as weighted and shown below and first published by the U. S. Department of Labor, Bureau of Labor Statistics. The value of the weighted index (determined from first published values) for May 1988 is the Weighted Base Index for price adjustment purposes pursuant to this Section 4.04. The indices which compose the Materials and Supplies Index and related percentage weights to be used are as follows:

BLS COMMODITY INDEX	CLASSIFICATION	% WEIGHT
0543-1514	Industrial Power - Regional	10
057	Petroleum Products - Refined	22
0679-02	Explosives	16
1081-02	Externally Threaded Fasteners (Excluding Aircraft)	10
081	Lumber	4
1192	Mining Machinery and Equipment	38
		100

An adjustment to the Billing Price for changes in material and supplies costs shall be determined for each October 1, January 1, April 1, and July 1, during the term of this Agreement, with the first such adjustment effective October 1, 1988. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Weighted Base Index and the value of the Materials and Supplies Index for August, November, February, or May preceding the adjustment during the term of this Agreement. The percentage change shall be computed to the nearest one-tenth of a percent, and multiplied times the Materials and Supplies Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price effective October 1, January 1, April 1 and July 1, as the case may be.

Examples of the computation of the price adjustments pursuant to this Section 4.04 are attached hereto as Annex D.

In the event of unavailability of any index described in Section 4.04, price adjustments shall be computed by mutual agreement.

4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section 4.01 are represented by the "Other Costs Component" of $3.64 per Ton. The Other Costs Component shall not change.

The Billing Price shall be adjusted for changes in other costs based exclusively on changes in the Other Costs Index. The Other Costs Index shall be the GNP Implicit Price Deflator (preliminary number), published quarterly by the U. S. Bureau of Economic Analysis. The Base Index shall be the value (preliminary number) of the Other Costs Index for the First Quarter 1988 (1982 = 100).

An adjustment to the Billing Price for changes in other costs shall be determined quarterly at each October 1, January 1, April 1, and July 1 during the term of this Agreement, with the first such adjustment effective October 1, 1988. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the preliminary value of said Other Costs Index for the second quarter, third quarter, fourth quarter, and first quarter preceding each October 1, January 1, April 1 and July 1,

435 respectively during the term of this Agreement. The percentage
436 change in said Other Costs Index from the level of the Base Index
437 shall be computed to the nearest one-tenth of a percent and
438 multiplied times the Other Costs Component of the Base Price.
439 The resulting adjustment amount less previous adjustments, all
440 determined to the nearest cent per Ton, shall be added to or
441 subtracted from the then current Billing Price and shall be
442 effective October 1, January 1, April 1, and July 1, as the case
443 may be.
444 Examples of the computation of the price adjustment pursuant
5 to this Section 4.05 are attached hereto as Annex E.
446 In the event of unavailability of the Other Costs Index
447 described in this Section 4.05, price adjustments shall be
448 computed by mutual agreement.
449 4.06 Adjustment for Changes in Government Imposition. The
450 term "Government Imposition," as used in this Agreement, means
451 any tax or fee imposed on SELLER by any government or government
452 agency or any statute, administrative regulation or ruling, state
453 or local ordinance, or the like affecting the production,
454 severance, preparation, loading, transporting, or sale of coal
455 and reclamation of the Coal Property hereunder. The term does
456 not include impositions on Seller, such as federal or state
457 income taxes or excise taxes, which are not levied upon the
9 production, preparation, loading, transportation or sale of coal

528

or reclamation of the Coal Property hereunder or any employer's social security or unemployment taxes.

The Base Price stated in Section 4.01 includes all costs of compliance by SELLER with all Government Impositions effective as of July 1, 1987 regardless of whether or not Seller is actually in compliance with all such Government Impositions as of that date. It is recognized that effective July 1, 1987, the Base Price includes $1.10/Ton for the Black Lung Excise Tax and $.15/Ton for the Reclamation Fee.

Price adjustments shall be made for changes in costs due to SELLER's compliance with Changes In Government Impositions which shall be (1) amendments on or after July 1, 1987 to Government Impositions; (2) requirements of entirely new Government Impositions which are enacted or promulgated after July 1, 1987; or (3) final judgements, orders or decrees issued after July 1, 1987 by any court of law or equity, which reflect new and different interpretations of Government Impositions where such changes in cost directly affect and are binding upon SELLER's operation hereunder. Such changes in cost shall hereinafter be called "Changes in Costs". Changes in Costs shall not include and no price adjustments shall be made for costs due to compliance with (1) any Government Imposition effective as of July 1, 1987, regardless of whether the Base Price reflects the full costs of compliance with such Government Imposition; or (2) any civil or criminal fine or penalty imposed as the result of

failure to comply with any statute, administrative regulation or ruling, state or local ordinance, or judgement, order or decree of any court; or (3) any changes for which adjustments have been made pursuant to Sections 4.03, 4.04, or 4.05 of this Agreement.

In the event and whenever after July 1, 1987, there is a Change In Government Imposition, SELLER shall give PURCHASER written notice thereof within forty-five (45) days of the effective date of the Change In Government Imposition.

If the Change In Government Imposition is a tax or fee which is expressly imposed on a per Ton basis, SELLER shall submit a claim within forty-five (45) days of the effective date of the new or changed Government Imposition which shall be processed in accordance with the provisions of Sections 4.02 and 4.08.

If the Change In Government Imposition results in a Change In Costs not expressly imposed on a per Ton basis, SELLER shall submit a claim which describes the Changes In Costs and which contains sufficient documentation and data to permit PURCHASER to verify SELLER's computations of the Changes In Costs. The documentation and data shall be based on an adequate period of experience in compliance with such Change In Government Imposition, but in no case, shall such adequate period exceed twelve (12) months. In the case of a determination of a Change In Costs which is an increase, an adjustment to the Base Price shall be made for the period no more than twelve (12) months prior to the receipt by PURCHASER of SELLER's claim, and during

which such Change In Government Imposition was in effect. In the case of a Change In Costs which is a decrease, an adjustment to the Base Price shall be made from the date such Change In Government Imposition was in effect. PURCHASER shall have the right to require SELLER to evaluate and submit such a claim if SELLER fails to do so after a Change In Government Imposition is effective.

If the cumulative effect of adjustments resulting from Changes In Costs which would be required to meet Government Impositions would be such as to make the price of the coal to be sold to PURCHASER hereunder more than 10% higher than its then current f.o.b. railcar, excluding all adjustments under Section 4.06, or more than 10% higher than the f.o.b. railcar of comparable coal reasonably available to PURCHASER on similar terms, then PURCHASER shall have the right to terminate this Agreement upon six (6) months notice to SELLER.

4.07 Unescalated Portion of Base Price. $3.95 per Ton of the Base Price stated in Section 4.01 is not subject to escalation.

4.08 Notice and Substantiation of Price Adjustments. SELLER shall notify PURCHASER in writing, as provided in Section 4.02, of the amount of any claimed adjustment (either increases or decreases) to the Base Price, pursuant to provisions of Sections 4.03 through 4.06, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to

531

substantiate such adjustments. PURCHASER shall accept or contest any adjustment(s) within sixty (60) days after receipt from SELLER of all computations and data which are reasonably necessary to substantiate the adjustment(s). If PURCHASER contests any adjustment, PURCHASER shall pay to SELLER, or SELLER shall credit PURCHASER with, the undisputed portion of the claimed adjustment. PURCHASER or PURCHASER'S representative shall have the right to audit SELLER'S books and records to determine whether any adjustment is proper and has been properly computed by SELLER in accordance with the applicable provisions of this Agreement.

4.09 Calorific Value Adjustment. The amount to be paid by PURCHASER shall be adjusted on the basis of the actual "as received" calorific value of the coal as determined from the samples taken and analyzed in accordance with Section 11.01 and Annex H hereof. The Calorific Value Adjusted Price shall be determined as follows: The monthly weighted average "as received" calorific value of all coal unloaded during the calendar month shall be divided by the guaranteed calorific value of 13,000 Btu/lb. The resulting quotient shall be multiplied by the then current Billing Price determined by Purchaser excluding total Government Imposition Adjustments pursuant to Section 4.06. The resulting product shall then be added to the total Government Imposition Adjustments pursuant to Section 4.06.

532

PURCHASER shall submit to SELLER analyses of coal received and computations of the calorific value adjustments to substantiate such adjustments. The calorific value adjustment mechanism is further detailed and illustrated in Annex F, and this adjustment shall be made in accordance with said Annex F.

4.10 Excess Ash Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal shall be adjusted downward in proportion to the ash content in excess of the guaranteed level. This adjustment shall be subtracted from the Calorific Value Adjusted Price of coal delivered and unloaded and shall be based upon the "as received" ash content for each shipment of coal unloaded. The amount per Ton of this Excess Ash Adjustment shall be calculated as follows:

The adjustment shall be $2.00 per Ton multiplied by the percentage difference by which the "as received" ash content for each unit train or Barge unloaded exceeds the guaranteed level. No credits shall be given if the "as received" ash content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Ash Adjustment Formula:

$ Adjustment/Ton = $2.00 (% Ash - % Guaranteed Ash)

4.11 Excess Moisture Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal shall be adjusted downward in proportion to the moisture content

in excess of the guaranteed level. This adjustment shall be subtracted from the Calorific Value Adjusted Price of coal delivered and unloaded and shall be based upon the "as received" moisture content for each shipment of coal unloaded. The amount per Ton of this Excess Moisture Adjustment shall be calculated as follows:

The adjustment shall be $1.00 per Ton multiplied by the percentage difference by which the "as received" moisture content for each shipment of coal unloaded exceeds the guaranteed level. No credits shall be given if the "as received" moisture content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Moisture Adjustment Formula:

$ Adjustment/Ton = $1.00 (% Moisture - % Guaranteed Moisture)

4.12 Price Review. During the third Contract Year of this Agreement and every second Contract Year thereafter, PURCHASER may at its option initiate a renegotiation of the price to be paid for coal and/or of the escalation provisions of this Agreement. If PURCHASER elects to renegotiate, it shall notify SELLER in writing on or before May 1 of that Contract Year. The parties shall promptly thereafter begin good faith renegotiation of the price and/or escalation provisions. If a mutually acceptable amendment cannot be reached on or before September 1,

534

PURCHASER may, at its option and on ten (10) days written notice, terminate this Agreement effective September 30 of that Contract Year.

5.01 Billing and Payment. Within fourteen (14) working days after the unloading of each unit train or Barge or within fourteen (14) working days after the receipt by PURCHASER of SELLER's invoice, whichever occurs later, PURCHASER shall remit to SELLER or its designee ninety percent (90%) of the amount due SELLER which amount is determined by multiplying the Tons of coal as determined by SELLER's loaded weights as stated on the invoice by the then current Billing Price as determined by PURCHASER.

Final adjustment of the amount to be paid shall be based on weights and analyses of coal determined in accordance with Sections 9.01 and 11.01. Within the first fourteen (14) working days of each month, PURCHASER shall file with SELLER a report on weights and analyses determined pursuant to Section 9.01 and 11.01 and information showing the adjustments under Section 4.09 through 4.11 for all coal Shipments which are received, unloaded and analyzed during the preceding month. Upon receipt of PURCHASER's report, SELLER shall invoice PURCHASER for any balance due, or shall credit to scheduled future Shipments the amount of any overpayment, as the case may be. Any such overpayment not so credited shall be remitted, within fourteen (14) working days upon receipt of PURCHASER's report, by SELLER

to PURCHASER. PURCHASER shall pay such balance due within fourteen (14) working days of receipt of SELLER's invoice.

Invoices should be sent to:

FuelCo, Incorporated
P. O. Box 2625
BIN 852
Birmingham, Alabama 35202

6.01 Shipment. It is anticipated that coal sold hereunder shall be shipped by rail from SELLER's loading facilities ultimately to be delivered to the Daniel Electric Generating Plant in Mississippi or other destinations specified by PURCHASER. PURCHASER, at its sole option, may elect to have the coal sold hereunder delivered to a Barge transloading facility for transfer to Barges for delivery to destination.

6.02 Rail Shipments. SELLER shall provide off-main line rail trackage sufficient for efficient and dependable loading of at least ninety (90) car unit trains at SELLER's Sapphire Tipple/No. 2918 on the CSX Railroad near Sapphire, Kentucky, and other loading points as mutually agreeable, and shall be prepared to operate its loading facilities twenty-four (24) hours per day, seven days per week, if needed, in compliance with the applicable rail contract for deliveries hereunder. SELLER agrees to provide loading facilities capable of loading unit trains at an effective rate sufficient for the quantities of coal scheduled for delivery under this Agreement and sufficient for the applicable rail contract. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities shall interfere

with or impair SELLER's obligations as set forth in this Agreement.

Shipment and receipt of coal under this Agreement shall be made in accordance with the rail contract applicable to the destination of the delivery. If any applicable contract is amended, supplemented or replaced, subsequent deliveries shall be made in accordance with the terms of the applicable rail contract, as amended, supplemented or replaced.

6.03 Freight Charges, Title, and Risk of Loss. Subject to reimbursement provided by Sections 6.04 and 6.05, MPC shall pay all freight and other charges imposed by the carrier applicable to the destination of the Shipment. PURCHASER shall bear the risk of loss of said Shipment after each Shipment has been properly loaded into railcars, but title shall not pass to PURCHASER until arrival at the ultimate destination designated by PURCHASER.

6.04 Loading Costs Chargeable to Seller. If SELLER fails to satisfy the loading requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, SELLER shall pay any resulting car detention penalties and shall pay any penalties or charges for cars loaded in excess of capacity which is required by such rail contract. SELLER shall pay the per Ton transportation rate, required to be paid by MPC under the rail contract, for all Tons not loaded to the marked capacity per car,

provided, however, no penalty shall be imposed if such cars are underloaded by five (5%) percent or less of the total marked capacity.

6.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to tender sufficient coal to satisfy the quantity requirements in accordance with Section 8.01 and thereby fails to satisfy the Tonnage requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, SELLER shall pay any resulting freight charges which MPC is required by such contract to pay the carrier over the amount of such charges otherwise payable.

6.06 Payment of Excess Costs. Any payments required by Sections 6.04 and 6.05 above shall be paid within fourteen (14) working days after receipt by SELLER of a written statement itemizing such charges which are in accordance with the current applicable contract. At PURCHASER's election, such charges may be credited against amounts owed by PURCHASER to SELLER hereunder.

7.01 Shipping Notice. Promptly after loading each rail Shipment SELLER shall telecopy PURCHASER a notice of Shipment which shall include SELLER's name; train number; car numbers; Tonnage shipped; date of Shipment; and other such information as required by PURCHASER from time to time.

Notice shall be sent to:

Supervisor, Fuel Delivery and Payment
Mississippi Power Company
P. O. Box 4079
Gulfport, Mississippi 39501

and

Plant Manager
Daniel Electric Generating Plant
P. O. Box 950
Escatawpa, Mississippi 39552

and

Traffic Coordinator
Fuel Supply Department
Southern Company Services
P. O. Box 2625
BIN 852
Birmingham, AL 35202

SELLER shall determine the short proximate analysis, in accordance with Annex H, of each Shipment and shall telecopy and telephone such analysis, within twenty-four (24) hours, to PURCHASER at locations designated by PURCHASER. Should SELLER fail to provide such analysis as specified, PURCHASER may elect to delay unloading of Shipment until such time as analysis is provided and SELLER is liable for any demurrage and other costs occasioned by the delay.

8.01 Quantity Requirements. Except as otherwise provided herein, SELLER shall tender coal produced from the Coal Property at the Base Rate of [redacted] per Contract Year during the term of this Agreement which shall be delivered in railcars or Barges in approximately equal monthly quantities. Upon the

giving of a six (6) months written notice or unless otherwise mutually agreeable, PURCHASER shall have the right to increase or decrease the Base Rate, the cumulative effect of such increases or decreases in the base rate shall be limited such that the annual tonnage requirement, determined on a contract year basis, shall be within a range of 320,000 to 1,260,000 tons/year. In addition to the options to increase or decrease the Base Rate, PURCHASER shall also have the right, upon sixty (60) days written notice, to increase or decrease the quantity of coal to be delivered monthly under this Agreement; provided however that PURCHASER may not increase the quantity by more than 36,000 Tons per month (approximately four (4) unit trains per month) above the then established Base Rate nor decrease the quantity by more than 18,000 Tons per month (approximately two (2) unit trains per month) below the then established Base Rate; and provided further that any one (1) such change may not exceed 18,000 Tons per month, unless PURCHASER and SELLER agree otherwise. The option to increase or decrease the monthly deliveries does not alter the annual tonnage requirement, unless Purchaser and Seller agree otherwise.

In the event SELLER has available for delivery additional quantities of coal, that is, in excess of the quantity requirements hereunder, from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, SELLER may offer the same to PURCHASER, and upon acquiring the

prior written approval of PURCHASER, such additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder.

9.01 Weighing. Coal provided by SELLER under this Agreement shall be weighed by SELLER as provided in this Section 9.01. PURCHASER shall have the option at any time during the term of this Agreement to elect to weigh the coal for governing purposes at Daniel Electric Generating Plant, or other destinations specified by PURCHASER.

Except as provided above, the weight of coal for each Shipment sold and delivered hereunder shall be determined from the SELLER's scale located at the SELLER's final coal loading facility. Said scales and method of weighing shall be acceptable to the PURCHASER and the Carrier, and shall be certified in accordance with the then current Association of American Railroads "Scale Handbook". Seller's scales used to determine the governing weight of coal shall be material tested and certified on a semi-annual basis. SELLER's scales used to determine the governing weight shall also be calibrated and maintained in an accurate condition between material tests and certifications. Documentation of all scale tests and maintenance performed shall be provided to PURCHASER within fourteen (14) days of completion of such action. In the absence of scale weights from SELLER, PURCHASER and SELLER shall mutually agree by what means the weight of coal sold, delivered and purchased

hereunder shall be determined. Such methods as mutually agreed on shall not necessarily be the same as that required under the rail contract for payment of freight. SELLER shall pay all costs or expenses charged to or incurred by MPC as a result of the absence of scale weights from SELLER.

A net weight shall be determined and reported for each Shipment of coal hereunder. If SELLER provides a coupled-in-motion track scale, the actual empty weight of the railcar rather than the empty (tare) weight stenciled on the railcar shall be used for the determination of the net weight. The scale shall be tested as normally used by comparing the in-motion weight of a unit train with the weight of the train determined statically weighing each railcar uncoupled at both ends. The scale shall be calibrated statically with a certified railroad test car as required during the course of the test. The coupled-in-motion scale shall be tested with railcars both empty and loaded. SELLER shall be responsible for all test charges. Additional tests shall be performed if requested by the PURCHASER. PURCHASER shall be responsible for the cost of additional tests unless the results thereof show that the scale failed to conform to certification standards, in which event SELLER shall be responsible for such costs.

PURCHASER shall have the right to have representatives present at any and all times to observe the weighing of coal as well as all maintenance and tests on the weighing devices.

542

PURCHASER's representative shall have the right to delay or stop coal loading in the event that SELLER's scale malfunctions. SELLER shall pay all costs or expenses charged to or incurred by PURCHASER or MPC as a result of any scale malfunction. Loading will be resumed when scale repairs are completed or when mutually agreed to by PURCHASER and SELLER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of loading. If PURCHASER should at any time question the accuracy of the weights thus determined, PURCHASER shall so advise SELLER and SELLER shall permit PURCHASER's representatives to test SELLER's weighing devices or methods. If such tests show the weighing devices to be out of tolerance, or if the weighing devices otherwise are determined to be out of tolerance, the weighing devices shall be adjusted to an accurate condition. In the event PURCHASER and SELLER are unable to agree upon such tests and adjustments, or the devices or methods thereof, the weighing devices and methods shall be tested and adjusted to a condition of accuracy by a qualified third party, mutually chosen by PURCHASER and SELLER, and the cost of the testing and adjusting by such third party shall be shared equally by PURCHASER and SELLER.

If SELLER's weighing devices or methods are determined to be out of tolerance, an appropriate adjustment shall be made to the affected weights and related invoices and payments. Such adjustments shall be made retroactively to a date midway between

907 the date on which the weighing devices were last certified and
908 the date on which the out of tolerance condition caused by
909 weighing methods or devices was first questioned and
910 prospectively until the date on which the weighing methods and
911 devices were corrected.

912 10.01 Coal Specifications. The coal sold by SELLER and
913 purchased by PURCHASER hereunder shall be uniformly blended and
914 such blend shall be consistent from railcar to railcar; shall be
915 three inches and under in size (3" x 0") as defined in the then
916 current ASTM Designation D-431 Standard for Designating Size of
Coal and shall not contain greater than fifty (50%) percent
918 particles less than (1/4) inch in size (if, in PURCHASER's sole
919 judgement, coal handling problems occur at the destination
920 because of size consistency, SELLER agrees to take corrective
921 action acceptable to PURCHASER); shall have no intermediate sizes
922 added or removed; shall not contain coal greater than six (6)
923 inches in any dimension; shall be free of bone, slate, shale,
924 rock, dirt, and clay, and free of extraneous material which term
925 shall include, but not be limited to plastic, rubber, iron, wood
926 and other waste materials, and shall conform to the following
927 analysis on an "as received" basis:

929		Guaranteed Specifications (Per Shipment)	Rejection Limits (Per Shipment)
932	Moisture (total)	9.00% or less	10.50% or greater
933	Ash	10.00% or less	11.00% or greater

544

935

Sulfur	Less than 0.60 lbs of sulfur per million Btu	Greater than or equal to 0.60 lbs of sulfur per million Btu
Volatile Matter	Equal to or greater than 34%	Equal to or less than 30%
Ash Fusion Temp. Softening (H=W Reducing Atmosphere)	Equal to or greater than 2700 Degrees F	Less than 2200 Degrees F
Grindability	Equal to or greater than 40 (Hardgrove Index)	Equal to or less than 38 (Hardgrove Index)
Calorific Value	13,000 Btu/lb	11,800 Btu/lb or less

An example of the calculation of the pounds of sulfur per million Btu is shown in Annex K.

SELLER shall reimburse PURCHASER for all damage caused to MPC's equipment by any extraneous material loaded with the coal.

11.01 Sampling and Analysis.

Coal provided by SELLER under this Agreement shall initially be sampled by SELLER and analyzed by MPC or PURCHASER's designated laboratory as provided in this Section 11.01. MPC shall have the option at any time during the term of this Agreement to elect to sample for governing purposes at Daniel Electric Generating Plant or other destination specified by PURCHASER. In the event that MPC invokes the option to perform weighing and sampling at the Daniel Electic Generating Plant for governing purposes, PURCHASER agrees to consider and adjust for the effects on coal quality and quantity due to conditions beyond the control of SELLER. MPC's sampling shall conform to

specifications based on the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis."

So long as SELLER samples the coal for governing purposes, SELLER shall provide at SELLER's final coal loading facility a mechanical sampling system of the "cutting the full coal stream" type or other system acceptable to PURCHASER. The design and operation of the sampling system shall be in accordance with the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis". The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing to an eight (8) mesh product. SELLER shall submit design drawings and specifications for any new proposed sampling system to PURCHASER for review and comment prior to installation. PURCHASER and SELLER shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

SELLER shall collect representative samples of each Shipment of coal sold hereunder using the mechanical sampling system as described above at the loading facility. The final sample of eight (8) mesh coal from the mechanical sampling system shall be reduced to eight (8) 1000 gram laboratory samples, at the loading

facility, in accordance with the then current American Society for Testing and Materials Standard D-2013 "Preparing Coal Samples for Analysis", using an enclosed riffle to minimize moisture loss. SELLER shall ship four (4) laboratory samples, within twenty-four (24) hours of sample collection, to PURCHASER's designated laboratory, and two (2) laboratory samples shall be retained by the SELLER. One (1) laboratory sample shall be retained by both PURCHASER and SELLER for thirty (30) days from date of Shipment as reserve samples. One laboratory sample shall be analyzed by SELLER to meet its requirements under Section 7.01.

PURCHASER or its designated representative may observe any sampling or sample preparation performed by SELLER; SELLER or its designated representative may observe any sampling or sample preparation performed by MPC or PURCHASER's designated laboratory. PURCHASER's representative shall have the right to delay or stop coal loading in the event that SELLER's sampling system malfunctions. SELLER shall pay all costs or expenses charged to or incurred by PURCHASER or MPC as a result of any sampling system malfunction. Loading will be resumed when sampling system repairs are completed or when mutually agreed to by PURCHASER and SELLER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of loading.

One laboratory sample sent to PURCHASER's designated laboratory shall be analyzed in accordance with Annex H and the results of such analysis shall be used for the governing purposes of this Agreement.

PURCHASER's designated laboratory may be MPC's fuel laboratory or an independent qualified, commercial, coal testing laboratory which shall analyze the laboratory samples sent by SELLER in accordance with Annex H. In the event PURCHASER elects to employ such a commercial laboratory, SELLER shall not be liable for any costs incurred by PURCHASER except as herein provided.

Annex H delineates laboratory sample preparation and analytical procedures which are in accord with ASTM and industry standards and which are to be used by SELLER and PURCHASER as provided in this Section 11.01.

If a dispute arises between PURCHASER and SELLER over the results of such analyses, one of the laboratory samples reserved for settlement of disputes shall be sent to a qualified independent laboratory (selected jointly by PURCHASER and SELLER) which shall conduct a referee analysis in accordance with Annex H. The referee sample to be sent to the independent laboratory by the PURCHASER or SELLER shall be selected on a random basis. The cost of any such referee analysis shall be borne equally by PURCHASER and SELLER.

With respect to disputes involving items of the analysis, the analysis of MPC or PURCHASER's designated laboratory shall be deemed to have been confirmed if the difference between the analysis of such independent laboratory and analysis of MPC or PURCHASER's designated laboratory is within the tolerances specified in the then current American Society of Testing and Materials Standards.

In the event that a difference in any disputed item of MPC's or PURCHASER's designated laboratory analysis and independent laboratory's analysis of the referee sample exceeds tolerances specified in the then current ASTM Standards, the complete analysis of the referee sample shall govern.

12.01 Suspension of Shipments for Coal Quality Deficiencies. Should the coal quality of any Shipment fail to comply with any of the guaranteed specifications stated in Section 10.01 of this Agreement, PURCHASER shall have the right to suspend immediately all Shipments by giving notice of the suspension to SELLER. After receipt of such notice, SELLER shall immediately commence appropriate action and use its best efforts to correct the deficiency. SELLER shall furnish PURCHASER with such documentation as PURCHASER may reasonably require to assure PURCHASER of SELLER's ability to perform. If PURCHASER is reasonably assured that SELLER can deliver coal which complies with the guaranteed specifications of Section 10.01, then a test Shipment shall be scheduled. If analysis by MPC shows the test

Shipment to be in compliance with the guaranteed specifications of Section 10.01, deliveries shall be permitted to resume. PURCHASER shall have the sole right to determine if SELLER shall be allowed to make up any Tonnage not delivered during the suspension.

If PURCHASER does not recieve adequate assurance of SELLER's ability to deliver coal which complies with the guaranteed specifications, within thirty (30) days of suspension notice, or if the test delivery fails to comply with the guaranteed specifications, PURCHASER shall so notify SELLER of such failure, and this Agreement may be immediately terminated, at PURCHASER's option.

12.02 Termination of Agreement for Coal Quality Deficiencies. In addition to and not as a limitation upon other rights of PURCHASER, if during a sixty (60) consecutive day period following notice to SELLER of failure to comply with Section 10.01, forty percent (40%) of the coal unloaded fails to comply with any of the guaranteed specifications set forth in Section 10.01, SELLER shall be in material breach of this entire Agreement and PURCHASER shall have the right to immediately terminate this Agreement.

In the event PURCHASER terminates this Agreement under this Section 12.02 or Section 13.01, or suspends delivery pursuant to the provisions of Section 12.01, and in addition to other remedies provided by this Agreement or by law, SELLER shall be

liable to PURCHASER for breach of the entire Agreement and shall be responsible and shall pay PURCHASER for any and all costs incurred by PURCHASER or MPC under this Agreement and other contracts with transportation companies which result from such termination or suspension of Shipments hereunder.

12.03 Rejection of Coal for Coal Quality Deficiencies. In addition to and not a limitation upon its suspension or termination rights, PURCHASER shall have the right to reject any unit train or Barge, should the quality of coal of that unit train or Barge show, by analysis, failure to comply with the rejection limits as set forth in Section 10.01. PURCHASER shall give prompt notice to SELLER of any rejection of unit trains or Barges hereunder. After notification by PURCHASER of a rejected unit train or Barge, SELLER shall not resume Shipments until coal quality has been corrected to PURCHASER's satisfaction. In the event that PURCHASER rejects any coal, SELLER shall immediately remove said coal from MPC's facilities or from transportation equipment at SELLER's expense and shall reimburse MPC and PURCHASER all its costs and expenses, including transportation cost, incurred in connection with the coal, all of which costs PURCHASER may deduct from any sum owed by PURCHASER to SELLER.

In the event that PURCHASER, at its sole discretion, accepts coal in which the "as received" analysis exceeds any rejection limit as set forth in Section 10.01, the following price adjustments shall apply:

551

Moisture Adjustment	-	**$3.00 per Ton** for each one (1) percent or any fraction thereof in excess of 10.50%.
Ash Adjustment	-	**$3.00 per Ton** for each one (1) percent or any fraction thereof in excess of 11.00%.
Btu Adjustment	-	**$2.00 per Ton** for each 100 Btu's or fraction thereof less than 11,800 Btu/lb.

PURCHASER's election to accept coal that exceeds the rejection limits and receive an adjustment will not affect any other remedy under the Agreement, including PURCHASER's right to reject coal shipped thereafter which exceeds the rejection limits as set forth in Section 10.01. Examples of the application of these quality adjustments are listed in Annex G.

12.04 Suspension and Termination of Agreement for Operational Considerations. PURCHASER shall have the right to suspend deliveries hereunder if it determines through its sole judgement that coal does not perform satisfactorily in MPC's generating plant because of operational considerations.. Should such determination be made by PURCHASER, PURCHASER shall give SELLER written notice of such determination and suspension. SELLER may, upon a suspension, propose means to overcome the problem giving rise to such adverse effect. If within ninety (90) days after suspension of deliveries under this Section SELLER has been unable to propose an acceptable means to overcome the problem to PURCHASER's satisfaction, PURCHASER shall have the exclusive right to immediately terminate this Agreement.

13.01 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of their respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other ninety (90) days notice in writing of its intention to do so and specifying the default. At the expiration of said ninety (90) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this Agreement forthwith. This right shall be in addition to the rights provided to either party in other portions of this Agreement and by law.

13.02 Unilateral Termination Right. In addition to any other termination rights provided in this contract or at law, PURCHASER expressly reserves the right, upon sixty (60) days' prior written notice to SELLER, to unilaterally terminate this Agreement; provided, however, that PURCHASER shall pay to SELLER an amount equal to [redacted] per Ton, multiplied by the remaining number of Tons scheduled for delivery from the effective termination date herein through the earliest applicable date for termination. Said payment by PURCHASER to SELLER shall constitute SELLER's sole remedy against PURCHASER for any loss, cost, or damage incurred by SELLER as a result of PURCHASER's termination under this Agreement. PURCHASER shall have no further obligation or liability under this Agreement or at law

except with respect to coal delivered prior to said termination date or as otherwise provided.

14.01 Force Majeure. "SELLER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of SELLER which wholly or in substantial part prevents the mining or delivery of coal. "PURCHASER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of PURCHASER or MPC which wholly or in substantial part prevents the unloading, storing or burning of coal by MPC at its destination. Examples (without limitations) of force majeure are the following: acts of God; acts of the public enemy; insurrections; riots; strikes; labor disputes; work stoppages; fires; explosions; floods; electric power failures; breakdowns of or damage to generating or preparation plants; interruptions to or contingencies of transportation; embargoes; and orders or acts of civil authority (including, without limitation, a city or county ordinance, an act of a state legislature, an act of the United States Congress) or military authority; provided, however, for the purposes of this Agreement, force majeure shall not include, and SELLER shall not be excused from performance because of the development or existence of economic conditions which may adversely affect the anticipated profitability of the mining activities of SELLER hereunder, acts or omissions of SELLER which constitute mismanagement on the part of SELLER, or reduced productivity of labor employed by SELLER in its mining activity hereunder.

554

If because of PURCHASER's Force Majeure PURCHASER is unable to carry out its obligations under this Agreement, and if PURCHASER gives SELLER written notice of such force majeure, the obligations and liabilities of PURCHASER and the corresponding obligations of SELLER shall be suspended to the extent made necessary by and during the continuance of such PURCHASER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in its sole discretion).

If because of SELLER's Force Majeure SELLER is unable to carry out its obligations under this Agreement, and if SELLER gives PURCHASER written notice of such force majeure, the obligations and liabilities of SELLER and the corresponding obligations of PURCHASER shall be suspended to the extent made necessary by and during the continuance of such SELLER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in its own sole discretion).

Upon elimination of any force majeure condition, PURCHASER may, at its sole option, elect to receive Tonnage not shipped during the force majeure period at a shipping rate to be

determined by PURCHASER, but subject to SELLER's ability to perform. In the alternative, PURCHASER may, at its option, elect to have any Tonnage not delivered during the force majeure period reduce the total Tonnage to be shipped, as provided for in this Agreement.

It is agreed that in the event that any valid act, law, ordinance, rule or regulation of a municipality, county, state or the United States government, or final judicial decision, judgement or order, is adopted or passed after the date of this Agreement, which (a) directly prohibits the mining contemplated hereunder, or (b) imposes significant burdens or restrictions upon the burning or use of such coal by MPC to the extent that MPC is unable or would not be allowed to utilize such coal at Daniel Electric Generating Plant or would be allowed to utilize such coal only after the installation or substantial renovation of plant equipment, then the existence and implementation of such act, law, ordinance, rule, regulation, judgement or order shall constitute an instance of permanent force majeure whereupon this Agreement may be terminated by the party so affected.

Notwithstanding the provisions of this Section 14.01, if (a) a condition of force majeure occurs which causes the mutual obligations to be suspended as provided above with respect to the total quantity of coal to be supplied, and (b) such condition (alone or extended by other conditions of force majeure) continues so that the mutual obligations remain suspended for a

period of six (6) months, and (c) at the end of said six (6) months or at any time thereafter, the party not claiming force majeure, in the exercise of reasonable judgement, concludes that there is little likelihood of ending the condition(s) in the immediate future, then the party not claiming force majeure may terminate this Agreement without liability to the other party by giving to the other ninety (90) days notice in writing of its intention to terminate.

15.01 Changes in Environmental Related Requirements.

The term "environmental related requirements," as used in this Agreement, means (i) any prohibition, restriction, or limitation related to the quality of coal which MPC may burn, including any constituent specification, at any or all of its electric generating plants, or to the type or amount of emissions from any or all such plants; (ii) any rule or requirements affecting the permissible means for complying with any such prohibition, restriction or limitation; or (iii) any imposition of a cost, fee, tax or other economic burden on PURCHASER or MPC relating to any constituent specification of coal purchased by it, or to the type or amount of emissions from its electric generating plants. A "change" in environmental related requirements shall be deemed to have occurred if there is any increase or decrease in an environmental related requirement or imposition of a new environmental related requirement on PURCHASER or MPC as a result of any federal or state statute,

local ordinance, administrative regulation or ruling, court order, or any revision in any interpretation or implementation thereof. It is recognized that a change in environmental related requirements upon PURCHASER or MPC may occur even though stated as a restriction or limitation on, or requirement of, MPC and its affiliates or some other group of utilities. It is further recognized that any change in environmental related requirements may affect MPC in a general way and may not be directed at specific plants, fuels, fuel supplies or other operating conditions. In this event, PURCHASER or MPC shall, in their sole discretion, determine their strategy for compliance, and whether MPC's use of the coal to be supplied hereunder has been adversely impacted.

The price, specifications, quantity and destination of coal purchased hereunder is predicated on environmental related requirements in effect as of July 1, 1987. In the event and whenever after July 1, 1987, there is a change in environmental related requirements, PURCHASER shall determine whether such change has had or may have an adverse impact on MPC's use of the coal purchased hereunder. It is agreed that any change in environmental related requirements which imposes a fee, tax or other economic burden on PURCHASER or MPC relating to the constitutent specifications of coal purchased by it or on the type or amount of emissions from MPC's electric generating plants, or prevents MPC from utilizing the coal purchased

hereunder in its electric generating plants, or requires MPC to install equipment (such as flue gas desulfurization equipment or particulate removal equipment) at one or more of its electric generating plants in order to comply with such change, or requires or permits MPC to utilize coal of a quality (including sulfur content) different from that specified in Section 10.01, shall be deemed to have an adverse impact on MPC's use of the coal purchased hereunder, even though the statute, regulation, ruling or ordinance may allow MPC a choice of options for complying with such changed environmental related requirements (which choice may include the payment of a fee or tax in lieu of the installation of equipment or utilization of coal of different constituent specifications).

If PURCHASER determines that a change in environmental related requirements has had or may have an adverse impact on PURCHASER's or MPC's use of the coal purchased hereunder, PURCHASER shall so notify SELLER, and SELLER shall have the right, at its option, to propose any steps available to it, within thirty (30) days of PURCHASER's notification to SELLER, in its mining and processing of the coal, or in the supply of substitute coal, or in the reduction in the price of the coal, or other measure which would result in as low a delivered cost of fuel at MPC's electric generating plant as PURCHASER could achieve by purchasing reasonably available substitute fuel. In the event PURCHASER, in its sole discretion, determines that

559

SELLER cannot achieve this result, then PURCHASER may terminate this Agreement upon ninety (90) days' written notice. PURCHASER shall have the right to give such notice either before or after the effect of a change in environmental related requirements.

16.01 Independent Contractor. This is an Agreement for the Sale and Purchase of coal. The parties recognize and agree that SELLER is not an agent or employee of PURCHASER but is independent of any managerial or other control or direction by PURCHASER in its work hereunder, and is free to perform, by such means and in such manner as SELLER may choose, all work in pursuance of commitments hereunder.

17.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 18.01.

18.01 Assignments. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not be required for SELLER to assign, pledge or hypothecate this Agreement purely for financing purposes and without relinquishing or in any way transferring its own performance obligations under this Agreement. Without assigning this Agreement or any rights or obligations hereunder and without relieving PURCHASER of any of its performance obligations hereunder, PURCHASER shall have the right to sell all or any portion of the coal under this Agreement at any time during the primary term or one or both extended

560

terms. PURCHASER may, without consent of SELLER, assign all or any portion of this Agreement to any company within The Southern Electric System and may exercise its right to divert coal Shipments to other destinations under Section 6.01 without consent of SELLER. Should the majority of stock in SELLER be conveyed, PURCHASER shall have the option to immediately cancel this Agreement, should PURCHASER determine, in its sole judgement, that the change in stock ownership adversely affects SELLER's ability to perform under this Agreement or alters the diversity of coal supply to PURCHASER.

19.01 Right of Inspection; Accounting. SELLER shall keep accurate books and records relating to the sale of coal to PURCHASER hereunder in accordance with sound and accepted accounting principles and shall make such reports as have been specified or reasonably requested by PURCHASER. SELLER shall also preserve in an orderly manner the records supporting all charges and adjustments to the billing price hereunder and shall make such records available to PURCHASER, its accountants, auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine such books and records after reasonable notification of its intent to inspect. In the event, upon audit, it is determined that claims made by SELLER for adjustments in price which were allowed to go into effect by PURCHASER were not properly calculated, adjustments shall be made promptly in billings

561

hereunder for current coal deliveries to reflect proper amounts of such adjustments or if no billings are then due, payments reflecting the difference between the proper amounts determined by audit and the amounts paid shall be made, however, no such adjustment shall be made for coal delivered in excess of twenty-four (24) months prior to such audit.

19.02 Right of Inspection; Coal Property. PURCHASER or its designated agent shall have the right at all times to enter upon the Coal Property, and/or other appropriate locations, announced or unannounced and to inspect and examine the method, equipment and manner of mining, producing, storing, washing, blending, crushing, loading, unloading, transporting, sampling, weighing, analyzing, and other handling of coal to be sold and delivered under the Agreement, and to take samples of coal for PURCHASER's analyses. No inspection by PURCHASER shall be deemed as a waiver of any of PURCHASER's rights or relieve SELLER of any obligation of this Agreement.

20.01 Arbitration. In the event of any dispute, difference of opinion or controversy between the parties as to any question of fact, as opposed to any question of law, which may arise under this Agreement with respect to any of the following matters only: physical measurements involving the quantity, quality, weights, sampling and analysis of coal delivered, and also adjustments pursuant to Sections 4.02 through 4.06 and 4.09 through 4.11, either party shall have the right to request arbitration by

562

giving written notice thereof to the other party. In such event each party agrees to appoint a competent and reasonable person skilled in the subject matter of the issue in dispute as an arbitrator. Should either party fail to appoint an arbitrator within ten (10) days after giving or receiving such written notice, an arbitrator for such party shall be appointed by the American Arbitration Association in accordance with the rules of the American Arbitration Association. If, within ten (10) days, the two arbitrators are unable to agree as to the determination of the questions submitted to them, they, within ten (10) days after such inability to agree becomes apparent, shall appoint a third arbitrator and the decision of the majority shall be final and binding on the parties hereto as to such matters that are submitted and determined by the arbitrators. Should the two arbitrators be unable to agree within such ten (10) day period upon a third arbitrator, then upon the election of either SELLER or PURCHASER, such appointment shall be by the American Arbitration Association in accordance with the rules of the American Arbitration Association; such arbitrator or arbitrators to be competent persons skilled in the subject matter of the issue in dispute to make such determination. Five (5) days written notice of the application to the American Arbitration Association shall be given to the other party by the party making such application. The reasonable compensation of any arbitrators not in the employ of or designated by the respective parties and

563

the cost of the arbitration shall be shared equally by the parties to this Agreement. In each instance the decision of a majority of the arbitrators shall be final and binding as to such matters as are submitted to and determined by them. During arbitration, and as a condition to such arbitration, the parties shall have full discovery rights as provided in the Federal Rules of Civil Procedure and as would be available to the parties if the matter were before a United States District Court. Any award or determination made by the arbitrators may, upon application of either party to the Federal District Court for the Southern District of Mississippi, Southern Division, be reduced to judgement by such Court.

21.01 Waiver. The failure of either party to insist on strict performance of any provision of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or right.

22.01 Remedies Cumulative. Except as otherwise provided herein, remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

23.01 Notices. With the exception of SELLER's invoices or shipping notices as required by Section 7.01, any notice, request, protest, consent, demand, report or statement given by one party to the other shall be in writing and deemed duly received seventy-two (72) hours after it is deposited in the

United States mail, by certified mail, postage prepaid, and properly addressed as follows:

(1) If the notice is to PURCHASER, to:

Vice President, Fuel Services
Southern Company Services, Inc.
P. O. Box 2625
BIN 852
Birmingham, AL 35202

with copy to:

Mississippi Power Company
Attention: Vice President - Bulk Power Resources
P. O. Box 4079
Gulfport, Mississippi 39502

(or to such other person or addresses as PURCHASER shall have designated in writing to SELLER).

(2) If the notice is to SELLER, to:

Reading and Bates Coal Company
1280 Old Frankfort Pike
Lexington, KY 40504

with copy to:

Crimson Corporation
881 Corporate Drive
Suite 204
Lexington, KY 40503

(or to such other person or address as SELLER shall have designated in writing to PURCHASER).

24.01 Agent for PURCHASER. Southern Company Services, Inc., an Alabama corporation, is hereby designated by PURCHASER as agent for PURCHASER to act for and on behalf of PURCHASER for the purpose of giving or receiving any notice, demand or request required or authorized by this Agreement, for the purpose of

designating the quantity, size, destination and routing of Shipments to be made from time to time to PURCHASER hereunder, and for such other purposes as may from time to time be designated by PURCHASER. PURCHASER may change agent by giving notice to SELLER.

25.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

26.01 Applicable Law. All questions concerning the execution, construction, performance, breach or enforcement of this Agreement shall be construed under the substantive laws of the State of Mississippi and not just the Mississippi laws regarding conflicts of laws.

26.02 Compliance with Laws and Regulations. In connection with the performance of this Agreement, SELLER agrees to comply in all material respects with governmental laws and regulations including those set forth in Annex J, attached hereto.

27.01 Entire Agreement. This instrument contains the entire Agreement between the parties, and there are no representations, understandings or agreements, oral or written, which are not included herein. This Agreement cannot be changed except by duly authorized representatives of both parties in writing.

28.01 Confidential and Proprietary Information. The terms and conditions (including prices) set forth in this Agreement are

considered by both PURCHASER and SELLER to be confidential and proprietary information and neither party shall disclose any such information to any third party without advance written consent of the other (which consent shall not be unreasonably withheld) except where such disclosure may be required by law, regulation or regulatory agencies having jurisdiction over SELLER or PURCHASER or in connection with assertion of a claim or defense in judicial or administrative proceedings involving the parties hereto, in which event the party to make such disclosure shall advise the other in advance and cooperate to the extent practicable to minimize the disclosure of any such information.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, on the date indicated by their signatures.

ATTEST:

Secretary

PURCHASER

President

Date Executed November 2, 1987

ATTEST:

SELLER

Its President

Date Executed Oct. 9, 1987.

ANNEX A

COAL PROPERTY

(Section 2.01)

The lands dedicated to operations are outlined in "Annex A-Location and Property Map".

The reserves and description of the properties outlined in the aforementioned map are as follows:

LEASE	HAZARD # 4 (Tons)	HAZARD 5A (Tons)	TOTAL TONS
EHCLC/Crawford	13,802,800	2,698,500	16,501,300
K.R.C.C.	1,302,900	3,161,400	4,464,300
Beth-Energy	100,000	--	100,000
Kodak/C.F.C.C.	1,329,400	48,500	1,377,900
Lewis	220,300	--	220,300
Harris Hart	330,800	--	330,800
Certicoals	3,595,400	--	3,595,400
Elk-Horn Coal	140,000	--	140,000
Whitaker/Mullins	--	20,000	20,000
TOTAL	20,821,600	5,928,400	26,750,000

HAZARD #4 COAL SEAM

PROPERTY RIGHTS SCHEDULE

Those reserves of the Hazard #4 coal contained in the following leases and subleases:

I. Elkhorn-Hazard Coal Land Corporation

A portion of certain mineral tracts (shown as listed below) contained in Schedule I of an "Agreement of Lease and Sublease" between Elkhorn-Hazard Coal Land Corporation, Golden Oak Mining Company, Inc., and Reading and Bates Coal Company on the 12th day of September, 1987, and recorded in the Knott County Courthouse in Lease Book #34, page #232 and in the Letcher County Courthouse in Lease Book #29, page #31.

TRACT NUMBER	TRACT NAME	ACRES
13	J. S. Back	245.20
14	Jackson Ashley	33.45
15	Albert Madden	206.60
16	Green Cornett	146.90
17	James F. Gibson	14.50
18	Charles Madder	215.50
19	Valentine Mullins	
20	Albert Amburgey	
21	J. N. Mullins	
22	W.M. Mullins	36.5
25	Nick Combs	138.15
31	J.M. Pigman	85.5
32	H.C. Francis	95.5
33	R. D. Adams	185.25
34	L. B. DAy	96.75
35	S. M. Adams	15.5
36-1	W. T. Bailey	117.25
36-2	W. T. Bailey	68
38	W. J. Madden	112.05

TRACT NUMBER	TRACT NAME	ACRES
39	Jeptha Cornett	205.73
40	Watson Cornett	136.85
41	Sam Mullins	55.25
43	A. C. Craft	194
43-1	K. T. Craft	16.9
43-2	K. T. Craft	4.5
44	William Smith	30.23
45	Alex Short	84.25
51-1	John Fugate	59.5
51-2	John Fugate	22.38
52-1	G. C. Smith	439.25
52-2	G. C. Smith	31.5
52-3	G. C. Smith	20

The above mineral properties were acquired from R. R. Crawford on December 31, 1948, and recorded in Deed Book 79, page 502, in the Knott County Courthouse.

TRACT NUMBER	TRACT NAME	ACRES
—	Crady Waddles	13.0

The above mineral property was acquired from Crady and Mallie Waddles in a Deed of Exchange on June 15, 1955, and recorded in the Knott County Courthouse in Deed Book 79, page 512.

	Bethlehem	
Parcel "D"	Bethlehem	8.78

The above mineral property was acquired from Bethlehem Mines Corporation in a Deed of Exchange on November 24, 1971, and recorded in the Knott County Courthouse in Deed Book 94, page 608.

TRACT NUMBER	TRACT NAME	ACRES
L1-1	Nelson-Bl. 1, Tr. 1	171.76
L2-1	Nelson-Bl. 2, Tr. 1	346
L2-2	Nelson-Bl. 2, Tr. 2	566
L2-3	Nelson-Bl. 2, Tr. 3	220.90
L2-4	Nelson-Bl. 2, Tr. 4	59.32
L2-5	Nelson-Bl. 2, Tr. 5	118.65
L2-6	Nelson-Bl. 2, Tr. 6	69.1
L2-7	Nelson-Bl. 2, Tr. 7	11.25
K3-1	Nelson-Bl. 3, Tr. 1	116.70
L-4	Lewis Campbell	71.88
L-3	J. S. Collins	66.6
L-5	James G. Dixon	181.11

The above mineral properties were leased from Roy R. Crawford, Jr. and Helen Lucille Crawford Mulholland on 9-7-83 and recorded in the Knott County Courthouse in Lease Book 34, page 421, and also in the Letcher County Courthouse recorded in Lease Book 29 at Page 195.

Ethel Dixon	15
Arch Dixon	15
Coy Hampton	15
Alice Dixon	29.20

II. Kentucky River Coal Corporation

A portion of certain mineral tracts (shown as listed below) contained in Schedule 2B of a Supplemental Lease Agreement between Kentucky River Coal Corporation and William B. Sturgill, dated the 14th day of September, 1977, of the base Lease Agreement between said parties on the 1st. day of June, 1977.

TRACT NUMBER	TRACT NAME	ACRES
345	Sol Adams	190.43
345-1	Wesley Combs	184.77
345-2	Wesley Combs	--

Also, a portion of certain mineral tracts (shown as listed below) contained in Schedule I of a Supplemental Lease between Kentucky River Coal Corporation and Golden Oak Mining Company, Inc., dated the 11th day of August, 1982 and amending Supplemental Lease Agreement dated the 29th day of February, 1980.

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
368	William J. Dixon	34.00	
368	William J. Dixon	582.98	North of Elk Crk
369	William J. Dixon	100.49	North of Elk Crk
373	William J. Dixon	3.67	
373	William J. Dixon	22.04	
388	F. Whitaker	44.49	Fee
		21.75	Mineral

Also, a certain mineral tract (shown as listed below) contained in Supplemental Lease Agreement between Kentucky River Coal Corporation and Golden Oak Mining Company, Inc., dated the 28th day of March, 1986, supplementing Supplemental Lease dated the 29th day of February, 1980.

III. Beth Energy

Certain mineral tracts (shown as listed below) contained in Lease Agreement dated the 1st. day of April, 1985 between Bethlehem Steel Corporation and Golden Oak Mining Company, Inc.

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
1680	Woodrow Adams	301.52	Parcel-A
1698	William Kelly	99.41	Parcel-B

IV. Kodak/Carr Fork

A certain mineral tract contained in Supplemental Amendment Agreement dated the 31st. day of December, 1984, between Kodak Mining Company and Lance Coal Corporation, modifying Amendment dated July 27, 1981, between said parties, as described in Exhibit I:

All the remaining Hazard #4 (Fire Clay) coal seam left in the Montgomery Coal Corporation's James D. Caudill 248.4 acre mineral tract situated near the head of Bull Creek.

Also, those mineral tracts contained in the Sublease and Agreement between Kodak Mining Company, Inc., and Golden Oak Mining Company, Inc., dated the 14th day of July 1987, in connection with the Allied #2 Sublease and Allied #3 Sublease portions of that Agreement.

V. Lewis

Certain mineral tracts contained in the Lease Agreement dated the 14th day of November, 1978 between Letcher County Coal and Improvement Company, The Lewis Company, Colly Coal Land Corporation, and Golden Oak Mining Company, Inc., as listed below:

TRACT NUMBER (Lease Reference)	TRACT NUMBER (Actual)	TRACT NAME	ACRES
8	2552	R.T. Irvine	72.43
9	2573	J.D. Hart	81.28
12		J.P. Back	572
18		Sandlick Coal Co.	50
19A		S.J. Hale	
21		Sandlick Coal Co.	400
22		Mattie Hampton Lewis	66.67

VI. Harris Hart

A certain mineral tract situated on Crafts Colley Creek contained in a certain Deed of Lease between Harris Hart II et al and Golden Oak Mining Company, Inc., dated the 1st. day of June, 1978, known as Parcel B of the agreement. Lessors obtained possession to the mineral by a deed from Bethlehem Mines Corporation by Deed of Exchange dated June 1, 1978, and recorded in Deed Book #237, page 189 of the records of the Clerk of the Letcher County Court.

VII Certicoals

Certain mineral tracts contained in a certain Lease between M. Young et al to Certicoals, Incorporated, dated September 15, 1974, as shown below:

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
L-1	J. D. Blair	44.83	
L-2	J. B. Cornett	470	First Tract East side of Bull Creek
L-2	J. B. Cornett	160	Second Tract portion on southern border
L-4	W. F. Campbell	304.085	East of Bull Creek
L-6	F. A. Dixon	66.66.	
L-7	Henry J. Fields	148.22	
L-9	George W. Fields	30.6	
L-11	P.W. Hall	65.9	
L-12	P.W. Hall	7.58	
L-13	E. Hensley	55.09	
L-14	Jefferson Ison	240.55	
L-15	John W. Lusk	39.24	Tracts 1,2,3
P-8	John M. Caudill	87.55	South Side of Bull Creek

VIII Crawford Subleases

Those certain subleases from Elkhorn-Hazard Coal Land Corporation to Lance Coal Corporation dated September 12, 1983, as listed below:

LESSOR(S)	DEED BOOK/PAGE
Corbett Madden	79/307
Edward Skaggs et al	26/ 384
Merle Smith	51/230
Gordon Amburgey et al	38/212
Ada Ward	51/643
Willard S. Combs	101/154
Watson Cornett	61/364
Duane Everdige	52/220
John C. Collins	80/35

LESSOR(S)	DEED BOOK/PAGE	
John C. Collins	81/498	
Carrs Fork Corporation	_____	Parcel # 1
Carrs Fork Corporation	34/87	Parcel # 2; Tract A
Carrs Fork Corporaton	34/94	Parcel # 2; Tract B
Carrs Fork Corporation	34/110	Parcel # 2; Tract C
Carrs Fork Coporation	33/365	Parcel # 2; Tract D
Tina Parks et al	50/242	

IX. Elk Horn Coal Corporation

A certain mineral tract described in Attachment 'A' to the Lease Agreement between The Elk Horn Coal Corporation and Golden Oak Mining Company, Inc.,known as Elk Horn Lease #794, containing 23.45 acres, more or less, and being the south-west portion of Elk Horn Tract #N-1659.

HAZARD #5-A COAL SEAM
PROPERTY RIGHTS SCHEDULE

Those reserves of the Hazard #5-A Coal contained in the following leases and subleases.

I. Elkhorn-Hazard Coal Land Corp. a portion of certain mineral tracts (shown below) contained in Schedule I of an "Agreement of Lease and Sublease" between Elkhorn-Hazard Coal Land Corporation, Golden Oak Mining Company, Inc., and Reading and Bates Coal Company on the 12th day of September, 1987, and recorded in the Knott County Courthouse in Lease Book #34, page # 232, and in the Letcher County Courthouse in Lease Book #29, page# 31.

TRACT NUMBER	TRACT NAME	ACRES
15	Albert Madden	206.60
18	Charlie Madden	215.50
19	Valentine Mullins	
20	Albert Amburgey	
21	J.N. Mullins	
23	John Back	362.50
38	W.J. Madden	112.05
43	A.C. Craft	194.00
52	G.C. Smith	439.25

The above mineral properties were acquired from R.R. Crawford on December 31, 1948, and recorded in Deed Book #79, Page 502, in the Knott County Courthouse.

II. Crawford Subleases

Those certain subleases from Elkhorn-Hazard Coal Land Corporation to Lance Coal Corporation dated September 12, 1983, as listed below:

LESSOR (S):	DEED BOOK/PAGE
Corbett Madden	79/307
Edward Skaggs et al	26/384

LESSOR (S):	DEED BOOK/PAGE
Merle Smith	51/230
Gordon Amburgey et al.	38/212
Ada Ward	51/643
Willard S. Combs	101/154
Watson Cornett	61/364
Dwane Everidge et al.	52/220
John C. Collins	80/35
JOhn C. Collins	81/498
Tina Parks et al.	50/242

III. Kodak/Carr Fork

A certain mineral tract contained in a Lease Agreement dated the 27th day of July, 1981, between Kodac Mining Company Inc., and Lance Coal Corporation, and designated as "Tract No.2, Defeated Creek" in Exhibit "A" of that Lease, containing 47 acres, more or less. The lease is recorded in Lease Book #33, page #367, in the Knott County Courthouse.

IV. Whitaker/Mullis

A certain mineral tract contained in a Lease Agreement from William J. Whitaker, Jr., et al. to Lovell Combs on November 28, 1983, and recorded in Lease Book #28, page #711, in the Letcher County Courthouse; with an assignment to Golden Oak Mining COmpany, Inc., on December 12, 1983.

V. Kentucky River

Certain mineral tracts contained in the Lease Agreement from Kentucky River Coal Corp., to William B. Strugill, dated July 10, 1979, as shown in Schedule I Parcel I and Parcel II as listed below:

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
368	WM.J. Dixon	34.00 min.	
656	Mose Hampton	30.58 min.	
654	WM.M.Brown	74.28 min.	
660	A. Blair	84.74 min.	
657	A. Blair	80.02 min.	
658	Daniel Adams	143.97 min.	West of Doty Gap

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
659	Naoh Jent	257.30 min.	West of Hale's branch.
659B	John Hale	273.16 min.	West of Hale's branch.

PARCELL II:

TRACT NUMBER	TRACT NAME	ACRES	REMARKS
374	Nancy Back	85.84 min.	
374-A	Irvine Back	82.13 min.	
370	J. Dixon	68.61 min.	
390	H. Branson	22.96 min.	
379	A.J. Grace	191.46 min.	
380	Wm. McIntire	139.93 min.	
381	Wm. McIntire	142.51 min.	
373	Wilbur Dixon	80.81 min.	
371	L. Dixon	49.62 min.	
395	R.M. McIntire	92.79 min.	
394	Branson & Stamper	27.25 min.	
387	Stephen Whitaker	170.96 min.	
373	W. Dixon	22.04 min.	
368	Wm.J. Dixon	89.71 fee	West side of Caudill Branch
388	F. Whittaker	44.49 fee 21.79	2/3 undivided interest in surface.
383	Isom Caudill	140.49 fee	
384	H&D Caudill	107.77 fee	West side of Caudill Branch
396	Samual B. Blair	191.10 min.	West side of Doty Creek

ANNEX B
(REFERENCE TO SECTION 4.01)
BASE PRICE COMPONENT VALUES AS OF OCTOBER 1, 1988

Contract Section	Description	Per Ton
4.03	Labor Cost	$ 7.80
4.04	Materials & Supplies	$ 9.36
4.05	Other Cost	$ 3.64
4.07*	Unescalated Portion	$ 5.20
	Total Base Price Per Ton	$26.00

All costs of government imposition are included in the unescalated portion of the base price.

ANNEX C
(REFERENCE TO SECTION 4.03)

LABOR

COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

DESCRIPTION	HYPOTHETICAL BASE INDEX May 1988	HYPOTHETICAL INDEX August 1988
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.58

$$\text{Percentage Increase: } \frac{\$15.58 - \$15.33}{\$15.33} = 1.6\%$$

Increase in labor component of base price:

1.6% x $7.80 = $0.12.

Adjustment to be added to the Billing Price effective October 1, 1988:

Cumulative Adjustment	$.12
Less Previous Adjustment	.00
Adjustment Effective 10/01/88	$.12 per ton

ANNEX C
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX May 1988	HYPOTHETICAL INDEX February 1989
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.70

Percentage Increase: $\frac{\$15.70 - \$15.33}{\$15.33} = 2.4\%$

Increase in Labor Costs of base price:

2.4% x $7.80 = $0.19

Adjustment to be added to the Billing Price effective April 1, 1989:

Cumulative Adjustment	$.19
Less Previous Adjustment	.12
Adjustment Effective 4/1/89	$.07 per ton

NOTE: The index values to be used are those first published..

Computation of Adjustment for Change in Materials and Supplies Component

NOTE: Figures used are for hypothetical and illustration purposes only and are not meant to predict actual changes in the composite index values.

BLS Code	Classification	Index Weight	Hypothetical Base Index May 1988	Hypothetical Base Weighted Index	Hypothetical Index For August 1988	Hypothetical Weighted Index for August 1988
543	Industrial Power - Regional	10%	481.0	48.1	487.0	48.7
57	Petroleum Products - Refined	22%	409.1	90.0	411.3	90.5
3779-02	Explosives	16%	312.3	50.0	310.1	49.6
3481-02	Externally Threaded Fasteners (Excluding Aircraft)	10%	281.0	28.1	280.0	28.0
24	Lumber	4%	355.9	14.2	353.1	14.1
3592	Mining Machinery and Equipment	38%	375.6	142.7	377.1	143.3
	Composite Index Numbers	100%		373.1		374.2

Percentage Increase: $\frac{374.2 - 373.1}{373.1} = 0.3\%$

Increase in Materials and Supplies Component of Base Price:

0.3% x $9.36 = $.03

Adjustment to be added to the Military Prices effective October 1, 1988:

Cumulative Adjustment	$ .03
Previous Adjustment	- .00
Adjustment Effective 10/01/88	$ .03

Initial

533

ANNEX E
(Reference to Section 4.05 Other Costs)

Computation of Adjustment for Change in Other Costs

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the **GNP Implicit Price Deflator Index.**

DESCRIPTION	HYPOTHETICAL BASE INDEX 1ST QTR. 1988	HYPOTHETICAL INDEX 2ND QTR. 1988
Gross National Product Implicit Price Deflator	114.2	115.0

Percentage Increase: $\frac{115.0 - 114.2}{114.2} = .7\%$

crease (decrease) in Other Costs:

.7% x $3.64= $.03

Adjustment to be added to the Billing Price effective October 1, 1988:

Cumulative Adjustment	$ .03
Previous Adjustment	.00
Adjustment Effective 10/01/88	$ .03

NOTE: The preliminary index values are to be used.

ANNEX E
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX 1ST QTR. 1988	HYPOTHETICAL INDEX 3RD QTR. 1988
Gross National Product Implicit Price Deflator	**114.2**	**116.0**

Percentage Increase: $\frac{116.0 - 114.2}{114.2} = 1.6\%$

Increase (decrease) in Other Costs:

1.6% x $3.64 = $.06

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$.06
Previous Adjustment	.03
Adjustment effective 1/01/89	$.03

NOTE: The preliminary index values are to be used.

ANNEX F
(REFERENCE TO SECTION 4.09)
COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 13,000 Btu per pound is calculated as follows:

Assume:

1. The monthly weighted average "as received" calorific value equals (a) 13,200 Btu per pound and (b) 12,700 Btu per pound.

2. The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = $30.00 per ton.

3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = $1.25 per ton (base amount) + $.30 per ton (adjustments) = $1.55 per ton.

Example of Calculation

(a) 13,200 Btu per pound

1. $$\frac{13{,}200\ (\$30.00 - \$1.55)}{13{,}000} = \$28.89$$

2. $28.89 - ($30.00 - $1.55) =
$.44 Per Ton Calorific Value Adjustment

(b) 12,700 Btu per pound

1. $$\frac{12{,}700\ (\$30.00 - \$1.55)}{13{,}000} = \$27.79$$

2. $27.79 - ($30.00 - $1.55) =
($.66) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,200 Btu per pound, the Calorific Value Adjustment would be $.44 per ton for the subject month, and in case (b) 12,700 Btu per pound, such Calorific Value Adjustment would be ($.66) per ton for the subject month.

ANNEX G
(REFERENCE TO SECTION 12.03)
COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

Rejection Adjustment Provisions

Moisture Content (%)	Moisture Adjustment	Ash Content (%)	Ash Adjustment
10.50 - 11.49	$ 3.00/ton	11.00 - 11.99	$ 3.00/ton
11.50 - 12.49	$ 6.00/ton	12.00 - 12.99	$ 6.00/ton
12.50 - 13.49	$ 9.00/ton	13.00 - 13.99	$ 9.00/ton
13.50 - 14.49	$12.00/ton	14.00 - 14.99	$12.00/ton
etc.	etc.	etc.	etc.

Btu Content	Btu Adjustment
11,800 - 11,701	$2.00/ton
11,700 - 11,601	$4.00/ton
11,600 - 11,501	$6.00/ton
11,500 - 11.401	$8.00/ton
etc.	etc.

Example of rejection adjustments

For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture
11.56% Ash
11,758 Btu

$ 6.00/ton Moisture rejection adjustment
$ 3.00/ton Ash rejection adjustment
$ 2.00/ton Btu

$11.00/ton Total rejection adjustment

ANNEX H
(REFERENCE TO SECTION 11.01)
COAL SAMPLE PREPARATION AND ANALYSIS
LABORATORY PROCEDURES

A. AIR DRYING - LABORATORY SAMPLE:

An empty non-corroding pan with sides not more than 1.5 inches high shall be weighed to the nearest 0.1 gram and the weight recorded as W1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) shall be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W2. The coal shall be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag shall be placed in an air-drying oven at no more than 15 degrees C (27 degrees F) above room temperature, not to exceed 40 degrees C (104 degrees F). The polyethylene bag shall be placed next to the pan containing the coal. Air drying shall be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air shall be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation shall be done. The air-dried coal plus polyethylene bag and pan shall be weighed to the nearest 0.1 gram and the weight recorded as W3. Any coal remaining in the sample bag shall be removed and added to the sample in the pan. The pan plus the air-dried coal shall be weighed to the nearest 0.1 gram and the weight recorded as W4. The percent air-drying loss is calculated as follows:

$$\text{Percent Air Drying Loss} = \frac{W2 - W3}{W2 - (W1 + (W3 - W4)} \times 100$$

Where: W1 = Weight of empty pan

W2 = Weight of the wet coal sample plus bag plus pan

W3 = Weight of the air-dried coal sample plus bag plus pan

W4 = Weight of the air-dried coal sample plus pan only

B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample shall be mixed thoroughly by stirring. A residual moisture sample of 75 plus or minus 25 grams shall be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample shall be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. After mixing, the residual moisture in the air-dried U.S. No. 8 coal shall be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height) with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W1. Approximately 10 grams of coal shall be placed in the tared aluminum pan. The sample and pan (including the cover) shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The pan (with cover removed) containing the sample along with the cover shall be dried in a box type, forced-air oven maintained at a temperature of 107 plus or minus 3 degrees C for a period of one and one-half hours. After heating, the cover shall be placed on the sample pan, the covered pan with sample shall be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. The pan containing the sample shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W3. The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

$$\text{Percent Residual Moisture in U.S. No. 8 Coal} = \frac{W2 - W3}{W2 - W1} \times 100$$

Where: W1 = Tare weight of aluminum pan and cover

W2 = Weight of the wet coal sample plus pan and cover

W3 = Weight of dried coal sample plus pan and cover

C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

$$\frac{(100 - \%\ \text{Air Drying Loss}) \times (\%\ \text{Resid. Moisture}) + \text{Air Drying Loss}}{100}$$

D. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

The entire air-dried sample remaining after the residual moisture sample is removed shall be transferred to an enclosed pulverizer (Holmes design or equivalent) and reduced to approximately U.S. No. 60. After the sample is pulverized, the front of the pulverizer shall be opened and all sample particles from inside and underneath the pulverizer screens shall be brushed into the pulverizer pan.

E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample shall be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams shall be passed through on a U.S. No. 60 sieve; any oversize retained on the sieve shall be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample shall be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall also contain several jack rocks to facilitate mixing. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. This is the laboratory analysis sample and is ready for the laboratory determinations.

F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A porcelain capsule 7/8" in depth an 1 3/4" in diameter which has been previously dried and cooled in a desiccator, shall be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . A well-fitting aluminum cover shall be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal shall be placed in the tared porcelain capsule. The sample and porcelain capsule shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The capsule containing the sample shall be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 plus or minus 3 degrees C for on hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weigh on an analytical balance to the nearest 0.1 milligram. Record this weight as W3. The percent moisture in the U.S. No. 60 coal is calculated as follows:

$$\text{Moisture in U.S. No. 60 Coal} = \frac{W2 - W3}{W2 - W1} \times 100 \text{ Percent}$$

Where: W1 = Weight of empty porcelain capsule

W2 = Initial weight of coal sample plus porcelain capsule

W3 = Final weight of coal sample after drying plus porcelain capsule

G. ASH

Ash shall be determined by the method in ASTM Designation D 3174.

ANNEX H
(continued)

H. VOLATILE MATTER

Volatile matter, shall be determined by the method in ASTM Designation D 3175.

I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) shall be determined by the method in ASTM D 2015.

J. SULFUR

Sulfur shall be determined by Method "C" ASTM Designation D-4239. ASTM Designation D 3177 shall be used as an alternate method in case of equipment failure.

K. ASH FUSION TEMPERATURE

The ash fusion temperatures shall be determined by the method in ASTM Designation D 1857. An electric furnace with a reducing atmosphere shall be used.

L. GRINDABILITY

Grindability shall be determined by using the original formula developed by Mr. Hardgrove:

HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

Apparatus

1. Balance A balance with a sensitivity of 10 mg. and a capacity of 5000 g. will be required. The accuracy of the balance should be checked periodically.

2. Riffle Should be a fully enclosed type with 24, three-eights inch riffle divisions, feed chute built into the totally enclosed cabinet, and the slope of feed chutes and riffles greater than 60 degrees.

3. Sieves A set of circular sieves which are eight inches in diameter and which conform with ASTM Specification E-11, for Wire-Cloth Sieves for Testing Purposes, is required in the following sizes, together with cover and receiver:

Sieve Designation	
Standard	Alternate
4.75 mm.	No. 4
2.36 mm.	No. 8
1.18 mm.	No. 16
600 um.	No. 30
75 um.	No. 200

4. Crusher A laboratory plate mill capable of reducing No. 4 sieve size coal particles to less than No. 16 sieve with production of a minimum of minus No. 30 sieve size material. The plates shall be serrated and about four inches (102 mm.) in diameter. The distance between the plates shall be adjustable and the relative speed of rotation of the plates shall not exceed 200 rpm.

5. Mechanical Sieving Machine The mechanical sieving machine shall accept an assembly of vertically-nested circular sieves of eight inches (302 mm.) in diameter together with cover and receiver. The machine shall simulate the motions given testing sieves during hand sieving by imparting a horizontal oscillatory motion of approximately 1.1 inches (28 mm.) amplitude at a rate of approximately 150 blows per minute by a weight of 4.2 pounds (1.9 kg.) moving through a vertical distance of approximately 1.1 inches under the influence of gravity.

6. Grindability Machine Hardgrove grindability machine, as described in ASTM D-409, will be used.

Gross Samples

A representative gross sample of coal shall be collected in accordance with ASTM Methods D-2234, Collection of a Gross Sample of Coal, and prepared in accordance with Method D-2013.

Preparation

1. A No. 16 by No. 30 test sample is to be prepared for either calibration or for routine determination of Grindability Index.

2. Air dry a 1000 gram mesh coal sample for 12 hours. Divide the air dried sample in half by means of a riffle to yield approximately 500 grams. The HGI determination will be made on this sample.

3. Stage crush the air dried sample to yield maximum amount of material passing No. 16 sieve, but being retained on No. 30 sieve. Perform stage crushing as follows:

   (a) Divide the sample in lots of approximately 200 grams (not exceeding 250 grams) and sieve each lot for 2 minutes in the mechanical sieving machine (RO-TAP). Use a set of nested sieves consisting of a No. 16 sieve on top of a No. 30 sieve.

   (b) Crush the material retained on the No. 16 sieve with the crusher adjusted so that only the largest particles are crushed. Mechanically sieve the crushed material for 2 minutes, discard the minus 30 mesh material, and return the oversize to the crusher. Repeat this procedure adjusting the crusher at each stage so that only the largest particles are crushed. Continue crushing and sieving until all the material passes the No. 16 sieve. Make a minimum of five passes for each lot of material to ensure no over crushing occurs. Retain the No. 16 by No. 30 material.

(c) Mix well all of the No. 16 by No. 30 material accumulated from the stage crushing and sieving and divide the quantity using a riffle to obtain approximately 120 grams.

(d) As a final step in preparation of the test sample, dedust the 120 gram sample from step C (above) by sieving on No. 30 sieve for 5 minutes using the mechanical sieving machine.

Procedure

1. Clean grindability machine and associated apparatus before each run.

2. Weight out 50 grams +/-0.01 g. of 16 x 30 dedusted sample and transfer into the grinding bowl making sure all the sample is evenly distributed, and balls are evenly spaced.

3. Align the counter strike on the grindability machine to the proper starting point and fasten the bowl into position, making sure the load is fully applied to the driving spindle.

4. Operate machine to obtain 60 +/- 0.25 revolutions.

5. Remove the bowl from the machine, lift out the upper grinding ring and carefully brush adhering dust onto a No. 8 sieve nested on a No. 200 sieve and a closely fitting receiving pan. Empty the grinding balls and ground coal onto the No. 8 sieve and carefully brush material adhering to the bowl, the balls, and the No. 8 sieve into the No. 200 sieve. Replace the No. 8 sieve with a close fitting cover and shake the No. 200 sieve, cover, and pan assembly for 10 minutes in the mechanical sieving machine. Carefully brush coal dust from the underside of the sieve into the receiving pan, using a soft brush which will not damage the No. 200 sieve. Repeat the shaking and underside of the sieve brushing for 2 more periods of 5 minutes each.

6. Weigh separately to the nearest 0.01 g. the coal retained on the No. 200 sieve and the coal passing the No. 200 sieve. If the sum of these weights differs by more than 0.75 g. from the initial weight of 50 +/- 0.01 g., reject the test and repeat.

7. Determine the calculated weight of test sample passing the No. 200 sieve by subtracting the weight of coal retained on the No. 200 sieve from the test sample weight (50 - coal retained on No. 200 sieve).

Calculation

1. Calculate the grindability index using the original formula developed by Mr. Hardgrove. The grindability shall be reported as an HGI index rounded to a whole number.

   HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

Precision

1. Repeatability Results of consecutive determinations carried out on the same sample in the same laboratory by the same operator using the same apparatus should not differ by more than two (2) index points.

2. Reproducibility The means of results of duplicate determinations carried out by different laboratories on riffled splits of the analysis sample should not differ by more than three (3) index points.

M. CALCULATIONS

Calculations of ash, volatile matter, Btu, and sulfur shall be made as follows:

Dry Basis =

$$\frac{\text{Uncorrected (As-Determined U.S. No. 60 Sample) Results} \times 100}{100 - (\% \text{ Moisture in U.S. No. 60 Sample})}$$

$$\text{As Received Basis} = \frac{(100 - \% \text{ Total Moisture}) \times (\% \text{ Dry Basis})}{100}$$

N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

Instrumental analytical alternatives may be used in lieu of techniques and equipment described above. The use of such instrumental methods shall be considered and agreement shall be sought on a case-by-case basis by both parties. Such instrumental methods must have a level of precision and accuracy similar to, or better than, that stated in the current ASTM Standard Test Method for the parameter in question.

O. The most current revised ASTM Standard Test Method shall be used.

ANNEX I NOT USED

ANNEX J
(REFERENCE TO SECTION 27.02)

LAWS AND REGULATIONS

Because PURCHASER has entered into contracts with the United States of America and by doing so has agreed to various federal labor requirements, during the performance of this contract, SELLER agrees as follows:

a) SELLER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.

b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.

c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1986, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1986, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.

f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.

g) SELLER shall include the provisions of Paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

h) This agreement incorporates by reference all applicable clauses of Title 41 of the Code of Federal Regulations (C. F. R.) Section 60-741, relating to the employment of the handicapped, referencing affirmative action clause provision 060-741.4 , 41 C.F.R. Section 60-250 relating to the employment disabled veterans and veterans of the Vietnam era; referencing affirmative action clause provision 60-250.4, and 41 C.F.R. subpart 1-1.1310 relating to utilization of minority business enterprises, according to the applicable conditions thereof.

ANNEX K
(REFERENCE TO SECTION 10.01)
COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

$$\text{Pounds of sulfur per million Btu} = \frac{\text{Percent Sulfur} \times 10{,}000}{\text{heating value}}$$

$$= \frac{.75 \times 10{,}000}{\text{12,800 Btu per pound}}$$

$$= 0.59$$

Southern Company Services
Post Office Box 2625
Birmingham Alabama 35202
Telephone 205 870-6011

206.8

Southern Company Services
the southern electric system

August 17, 1987

Mr. F. A. Clark
Mississippi Power Company
P. O. Box 4079
Gulfport, Mississippi 39501

Dear Frank:

Attached is a mining cost estimate for Reading & Bates Coal Company. We have prepared this estimate without contacting them for specific data which consequently has decreased the reliability of our estimate. We have very high confidence that the true mining cost is between **$20 and $26 per ton.**

We are attempting to locate and evaluate mining cost models to standardize and expedite estimates such as this. If no suitable models are available, we plan to develop our own models.

Please call if you have any questions or suggestions relative to this estimate or mining costs in general.

Sincerely,

W. T. Henshaw
Supervisor, Mine Engineering

pb

Attachment

cc: Gulf Power Company
M. L. Gilchrist ✓
Southern Company Services, Inc.
D. M. Ratcliffe
J. F. Billingsley
P. D. Douglas
J. O. Meier
D. J. Putman
C. M. Whitson

604

Intracompany Memo

Southern Company Services

DATE: August 14, 1987

RE: Reading & Bates Coal Company
Estimated Production Cost

FROM: C. M. Whitson

TO: W. T. Henshaw

In order to estimate Reading & Bates's current mining cost, we reviewed the information we have in file including reports of potential supplier evaluations, information received from Reading & Bates relative to those evaluations, and the report of the mine visit made on July 9. From these sources we were able to determine certain factors which are necessary for a cost estimate. However, much of the information needed to determine some of the other cost factors for such an estimate was not in these sources. As an alternate source, we used data from SCS's files on Whitaker Coal Company to estimate certain factors which might apply to Reading & Bates. Others of the factors used were estimates of general industry experience and some were just raw assumptions.

Note that the estimated total cost is $25.23 per ton as compared to the sales price of $26 per ton offered by Reading & Bates. Also note that the cost "before depreciation" is $22.68 per ton.

Please let me know if you need any additional information.

CMW

pb

Attachment

cc: Southern Company Services, Inc.
D. M. Ratcliffe
P. D. Douglas
C. S. Fant
K. L. Jenkins
C. N. Logan
R. E. Meade
H. Raykes, Jr.

605

READING & BATES
ASSUMPTIONS AND COST FACTORS

Avg. Wage Rate = $11.50/hr*

Benefits & Fringes = 40% of Basic Avg. Wage Rate

Nonunion mine will operate about 250 days/yr.

Total Annual Production - 1,300,000 tons

Labor Force = 240 employees

G&A = 12.5% of Labor costs

Materials & supplies = $8.00/ton*

Hauling Cost = $1.50/ton (raw basis)

Black Lung Excise Tax = $1.10/ton

Reclamation Fund = $0.15/ton

Black Lung Benefits = $130,000/yr or $0.10/ton

Royalties = 7% (Sale Price - Hauling Cost)

Kentucky Severance Tax = 4.5% (Sale Price - Hauling Cost)

Average Capital Investment 20-yr Life = $15 Million

Average Capital Investment 3-8 yr. Life = $5 Million

Interest Rate = 10%

Washer Recovery = 60%

Sales Price = $26.00/ton

*Estimated by comparing with other mine operations in the area.

606

READING & BATES
ESTIMATED PRODUCTION COSTS

	Cost/Ton	Cost/Year
Labor	$5.94	$7,728,000
G&A	0.74	966,000
Materials & Supplies	8.00	10,400,000
Hauling Cost	2.50	3,250,000
Black Lung Excise Tax	1.10	1,430,000
Reclamation Fund	0.15	195,000
Black Lung Benefits	0.10	130,000
Lease Royalties	1.59	2,067,000
Kentucky Severance Tax	1.02	1,326,000
Interest Cost	1.54	2,000,000
	22.68	29,492,000
Depreciation	2.55	3,318,000
TOTAL	25.23	32,810,000

F 20% 1

Plant Daniel

Intracompany Memo

Southern Company Services

DATE: September 29, 1989

Re: AMENDED
Abbreviated Laboratory Visits at Enterprise Coal Company, Golden Oak Mining Company and Standard Laboratories, Inc. - Whitesburg, Kentucky

FROM: W. N. Thurman III

TO: K. Zachar

On August 18, 1989, abbreviated visits were made to the referenced laboratories to observe facilities, equipment and procedures utilized in the preparation and analysis of samples representing coal shipped to Southern electric system operating companies.

ENTERPRISE COAL COMPANY

The Enterprise Coal Company Laboratory, located near Roxana, Kentucky, produces analyses of samples from all Enterprise shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements.

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement. It was learned that the Enterprise Laboratory Technician, Mr. Rick Hatten, had resigned and would be leaving in September 1989.

GOLDEN OAK MINING COMPANY

The Golden Oak Mining Company Laboratory, located near Isom, Kentucky, produces analyses of samples from all Golden Oak shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements.

608

800787

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement.

STANDARD LABORATORIES, INC.

The Standard Laboratory (Independent), located near Whitesburg, Kentucky, was last observed in December 1988. This laboratory is currently qualified to perform referee sample analysis.

Facilities, equipment and procedures were verified to be acceptable as previously reported by Mr. S. K. Howard.

bb
cc: Alabama Power Company
C. S. Fant
W. S. Hill
M. H. Maddox
Georgia Power Company
C. W. Pike
J. A. Gardner
J. D. Sills
J. A. Small
Gulf Power Company
M. L. Gilchrist
C. L. Hargrove
Mississippi Power Company
C. R. Berry
H. N. Dick
Southern Company Services, Inc.
J. F. Billingsley
W. D. Brasher
E. V. Gunter
S. K. Howard
M. L. Kerr
R. Simon
M. A. Wolfe

~~TW~~ ~~BH~~
DR
2067 F
Daniel
Fuel

Intracompany Memo Southern Company Services

DATE: September 23, 1989

RE: Abbreviated Laboratory Visits at Enterprise Coal Company, Golden Oak Mining Company and Standard Laboratories, Inc. - Whitesburg, Kentucky

FROM: W. N. Thurman III

TO: K. Zachar

On August 18, 1989, abbreviated visits were made to the referenced laboratories to observe facilities, equipment and procedures utilized in the preparation and analysis of samples representing coal shipped to Southern electric system operating companies.

ENTERPRISE COAL COMPANY

The Enterprise Coal Company Laboratory, located near Roxana, Kentucky, produces analyses of samples from all Enterprise shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements.

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement. It was learned that the Enterprise Laboratory Technician, Mr. Rick Hatten, had resigned and would be leaving in September 1989.

GOLDEN OAK MINING COMPANY

The Golden Oak Mining Company Laboratory, located near Isom, Kentucky, produces analyses of samples from all Golden Oak shipments to Mississippi Power Plant Daniel. The Coal Supply Agreement requires that the analysis of each shipment be transmitted, within 24 hours to the destination plant to ensure the coal meets NSPS sulfur requirements.

Facilities, equipment and procedures appeared to be acceptable for providing the "short prox" analysis required by the Coal Supply Agreement.

610

STANDARD LABORATORIES, INC.

The Standard Laboratory (Independent), located near Whitesburg, Kentucky, was last observed in July 1988. This laboratory is currently qualified to perform referee sample analysis.

Facilities, equipment and procedures were verified to be acceptable as previously reported by Mr. S. K. Howard.

W. N. Thurman, III (by BB)

bb
cc: Alabama Power Company
C. S. Fant
W. S. Hill
M. H. Maddox
Georgia Power Company
C. W. Pike
J. A. Gardner
J. D. Sills
J. A. Small
Gulf Power Company
M. L. Gilchrist

GH
F
226.9

Intracompany Memo

Southern Company Services

DATE: September 12, 1989

RE: Enterprise Coal (Formerly Lake) Sampling and Analysis

FROM: S. K. Howard

TO: M. A. Wolfe

Mr. Rick Hatten, who has been in charge of sampling, sample preparation and analysis for Enterprise Coal shipments to Mississippi Power's Plant Daniel, has resigned effective September 1, 1989 as previously reported by our Bill Thurman. This is a concern since sample analysis comparisons have been very favorable from the beginning of this contract due to Mr. Hatten's efforts.

Mr. George Haydo, Mine Supervisor, and Mr. William Potter, Enterprise's Robinson Creek Lab Supervisor, were contacted on September 8, 1989 to express our concerns. Both gentlemen assured us that there should be no problem even though Enterprise would miss Mr. Hatten's expertise.

Mr. Tommy Robinson, who has worked for CTE - Pikeville, Kentucky and at their Robinson Creek, Kentucky laboratory, will perform laboratory analysis. He has approximately six months experience at their Robinson Creek lab and spent some training time with Mr. Hatten prior to his departure.

Tipple personnel, who worked with Mr. Hatten, will continue to operate the mechanical sampling system and prepare the final samples.

In conjunction with Mississippi Power's Central Fuel Laboratory, SCS will monitor Enterprise's analyses.

612

If problems arise, the following Enterprise personnel may be contacted:

George Haydo - Mine Supervisor - 606-639-4323
William Potter - Robinson Creek Lab Supervisor - 606-639-4322
Tommy Robinson - Roxanne Lab (Lake) - 606-633-3000

If you have any questions, please call.

Stephen K Hannah

cc: Gulf Power Company
M. L. Gilchrist

Mississippi Power Company
C. R. Berry
H. N. Dick

Southern Company Services, Inc.
J. F. Billingsley
D. J. Putman
R. Simon
W. N. Thurman
K. Zachar

Internal
Correspondence

F- 206.9

Mississippi Power

Date: June 28, 1988

Re: Lake Coal/Fuelco Letter Agreement
Dated May 25, 1988
C87-599LA4

From: Ronnie K. Dedeaux

To: J. M. McCarthy
T. Miller
H. R. Wilder
F. A. Clark
R. G. Moore
L. Hargrove
E. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal covering the extension through July, 1988 of the May/June, 1988 Letter Agreement. The document also includes the purchase of two (2) trains of coal applied as "Contract Coal" under purchase order C-87-599.

R. K. Dedeaux

MJD

Enclosure

cc: C. R. Berry
File

614

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

May 25, 1988

Mr. Norris Brooks, President
Lake Coal Company of Kentucky, Inc.
P. O. Box 129
Roxanna, KY 41848

Fuelco, Inc.
P. O. Box 2625
Birmingham, AL 35202

Gentlemen:

This Supplemental Letter Agreement is written for the purpose of extending the May 1, 1988/June 30, 1988 Letter Agreement between Lake Coal Company and Fuelco, Inc., through July 31, 1988, hereby, establishing a revised timeframe to assure shipment of the twelve (12) trains of coal as committed by Lake Coal Company to be loaded at the Whitaker/Blue Grass No. 4 Tipple in lieu of loading at Lake's Hogg tipple.

In addition to the above assurance by Lake Coal Company to ship a total of twelve trains from the Blue Grass No. 4 tipple, this Supplemental Letter Agreement provides for the purchase and shipment of two (2) trains of coal to be shipped from Lake Coal Company's Hogg tipple as makeup coal which was previously scheduled for shipment in April, 1988 under Lake Coal Company's Purchase Order No. C-88-000260.

Pricing, terms and conditions of the two makeup trains agreed to herein shall be at the previously established $24.58 per ton price, and in accordance with all other provisions of the stated Letter Agreement as executed by Fuelco, Inc. on May 10, 1988. Placement of rail equipment for shipments hereunder shall be at the direction of Fuelco, Inc. or its designated Agent.

All other terms and conditions of the Long Term Coal Supply Agreement, and the above referenced Letter Agreement between said parties shall remain unchanged.

615

If you agree with the above stated provisions, please indicate your concurrence by signing in the appropriate space below.

Sincerely,

Erskine R Bentley

Erskine R. Bentley
Sr. Contract Performance Analyst
Fuel Supply Department

APPROVED:

Norris E. Brooks

Lake Coal Company of Kentucky, Inc.

Date: June 9, 1988

APPROVED:

David L. Patch

Southern Company Services, Inc., as
Agent for Fuelco Inc.

Date: 6/7/88

shm

File: LEG 1-8-MP
erbnb

Internal
Correspondence

206.9

Mississippi Power

Date: June 6, 1988

Re: Lake Coal/Fuelco Letter Agreement
Dated May 11, 1988
C87-599LA3

From: R. K. Dedeaux

To: J. M. McCarthy
T. Miller
H. R. Wilder
F. A. Clark
R. G. Moore
L. Hargrove
E. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal which provides for substitution of twelve trains due to an increase in sulfur content of two of their mines normally supplying coal.

R. K. Dedeaux

MD

Enclosure

cc: C. R. Berry
File

617

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

Mr. Norris Brooks, President
Lake Coal Company of Kentucky, Inc.
P. O. Box 129
Roxanna, KY 41848

Fuelco, Inc.
P. O. Box 2625
Birmingham, AL 35202

Gentlemen:

Lake Coal Company of Kentucky, Inc. ("Lake") and Fuelco, Inc. ("Fuelco") mutually agree that the following amendment to the October 1, 1987 Coal Supply Agreement between the parties shall be effective during the term of this Letter Agreement:

1. The term of this Letter Agreement shall be from May 1, 1988 through June 30, 1988.

2. Fuelco agrees to purchase 12 trains of substitute coal from Lake to be supplied from Whitaker Coal Company's Bluegrass No. 4 tipple in lieu of the purchase of the same number of trains from Lake's Hogg tipple under the October 1, 1987 Agreement and Lake's Purchase Order No. C-88000260 during May and June 1988. All substitute shipments shall be made under the terms of the October 1, 1987 Agreement, except as otherwise provided herein. Substitute shipments shall be first applied as satisfaction of Lake's Purchase Order No. C-88000260 commitment, then against Lake's October 1, 1987 contract commitment.

3. The contract billing price of the substitute shipments shall be $24.58 per ton f.o.b. railcar at Whitaker's Bluegrass No. 4 tipple and shall not be subject to escalation. This price includes the cost of weighing, sampling, and analysis of the coal (however, the governing analysis shall be performed by Mississippi Power Company at their expense); costs associated with such weighing, sampling, and analysis at the tipple or alternate location shall be to Lake's account. All contractual specifications shall apply to the substitute shipments except that the Section 10.01 calorific value

specification shall be 12,500 Btu/lb. The calorific value adjustment, however, shall remain 12,800 Btu/lb. for all substitute shipments.

4. The parties hereto recognize that the substitute fuel has not been tested in Fuelco or Mississippi Power Company's boilers. Fuelco shall have the right to terminate this Agreement in the event operational problems occur in the handling or utilization of this coal or if shipments are suspended or a shipment is rejected. The parties also recognize that Fuelco shall be under no obligation to accept any future offer of coal from a substitute source as a result of this Letter Agreement.

If you agree with the above stated provisions, please indicate your concurrence by signing in the appropriate space below.

Sincerely,

Richard Simon
Supervisor, Contract Performance
Fuel Supply Department

Approved:

Lake Coal Company of Kentucky, Inc.

Date: 5-5-88

Approved:

Southern Company Services, Inc., as
Agent for Fuelco, Inc.

Date: 6-10-88

bbs

File: LEG 1-8-MP
rsnb

AGREEMENT BETWEEN FUELCO, INC. AND MISSISSIPPI POWER COMPANY FOR THE SALE AND PURCHASE OF COAL FROM LAKE COAL COMPANY

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Inc., a coporation organized and existing under the laws of the State of Mississippi ("SELLER"), and Mississippi Power Company, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER").

WHEREAS, PURCHASER and SELLER entered into the Second Amended and Restated Agreement Between FuelCo, Inc. and Mississippi Power Company for the Sale and Purchase of Coal, effective January 1, 1987 ("the FuelCo-MPC Agreement"); and

WHEREAS, with PURCHASER concurrence, SELLER has entered the Agreement between FuelCo, Inc. and Lake Coal Company of Kentucky, Inc. for the Sale and Purchase of Coal, effective October 1, 1987 (the "Lake Agreement") for the purpose of providing PURCHASER coal under its obligations pursuant to the FuelCo-MPC Agreement; and

WHEREAS, the terms and conditions of the Lake Agreement are more favorable to both PURCHASER and SELLER than the terms of the FuelCo-MPC Agreement and therefore PURCHASER and SELLER

wish to modify the terms of the FuelCo-MPC Agreement to incorporate the more favorable terms as contemplated by Section 2.02 of the MPC FuelCo Agreement;

NOW THEREFORE, in consideration of the premises and the agreement stated herein, PURCHASER and SELLER agree as follows:

1. SELLER shall sell and PURCHASER shall purchase coal which SELLER has acquired under the Lake Agreement. PURCHASER shall designate from time to time in writing the quantity of such coal to be purchased under this Agreement; provided, however, the total annual quantity of coal purchased under this Agreement plus the total quantity purchased from SELLER under the FuelCo-MPC Agreement, or any agreement thereunder, shall be no less than the initial tonage required by Section 8.01 of the FuelCo-MPC Agreement. Any quantity purchased in excess of such initial tonage shall be considered option tonage as that term is defined in Section 8.02 of the FuelCo-MPC Agreement.

2. The Base Price to be paid for coal sold and delivered hereunder shall be $44.6129 for all quantities which are initial tonage and $25.25 for all option tonage. These Base Prices shall be escalated or deescalated in accord with the terms of the Lake Agreement.

3. Billings and payments shall be governed by Section 5.01 of the FuelCo-MPC Agreement and not by Section 5.01 of the Lake Agreement.

4. The unescalated portion of the Base Price as provided in Section 4.07 of the Lake Agreement shall be $23.9229 per ton for all coal applied against the initial tonage and $4.56 per ton for all coal applied against the option tonage.

5. For purposes of the Calorific Value Adjustment under this Agreement only, the "Billing Price" as that term is defined in Section 4.09 of the Lake Agreement shall be $25.25, adjusted in accord with Sections 4.03 through 4.05 of the Lake Agreement.

6. Except as provided in this Agreement, all coal purchased under this Agreement shall be governed by the terms and conditions of the Lake Agreement and not by the terms and conditions of the FuelCo-MPC Agreement. The controlling terms and conditions of the Lake Agreement are hereby incorporated by reference in this Agreement.

7. This document and the provisions incorporated by reference are the entire Agreement between the parties and there are no representations, understandings or agreements, either oral or written, which are not included herein. This Agreement can not be changed except by duly authorized representatives of both parties in writing.

IN WITNESS WHEREOF, the parties hereto have caused this

Agreement to be executed by their respective officers duly authorized on the date indicated by their signatures.

MISSISSIPPI POWER COMPANY

BY: Alan R. Barton
ALAN R. BARTON, PRESIDENT

DATE EXECUTED: 12/22/87

ATTEST:

FUELCO, INC.

BY:
J. A. BARBERA, PRESIDENT

DATE EXECUTED: 1-5-88

ATTEST:
A. M. HORNE, SECRETARY

...spondence

F-206.9

Mississippi Power

Date: April 21, 1988

Re: Lake Coal/Fuelco Letter Agreement
Dated March 18, 1988
C87-599LA2

From: R. K. Dedeaux

To: J. M. McCarthy
T. Miller
H. R. Wilder
F. A. Clark
R. G. Moore
L. Hargrove
E. R. Bentley

Enclosed is the executed Letter Agreement for Lake Coal which revises Annex F (Computation of Calorific Value Adjustment).

MD/mb

Enclosure

cc: C. R. Berry
File

624

March 18, 1988

Southern Company Services

Mr. Norris Brooks, President
Lake Coal Company of Kentucky, Inc.
Post Office Box 129
Roxanna, Kentucky 41848

Fuelco, Inc.
Post Office Box 2625
Birmingham, Alabama 35202

Gentlemen:

LETTER AGREEMENT RELATING TO THE COAL AGREEMENT BETWEEN FUELCO, INC., AND LAKE COAL COMPANY OF KENTUCKY, INC., DATED OCTOBER 1, 1987 AS AMENDED

Attached is Revised Annex F which correctly outlines the procedure to be followed when calculating Calorific Value Adjustment as outlined in Section 4.09 of the Coal Supply Agreement. Annex F of the Coal Supply Agreement is made null and void.

All other provisions of the Agreement will remain unchanged.

Please indicate your concurrence with this Letter Agreement by signing and dating in the spaces provided below.

Sincerely,

Leona R. Russell

Leona R. Russell
Contract Analyst
Fuel Supply Department

bbs

Approved:

Southern Company Services, Inc., as Agent for Fuelco, Inc.

3-18-88
Date

Lake Coal Company of Kentucky, Inc.

3/31/88
Date

625

REVISED

ANNEX F
(REFERENCE TO SECTION 4.09)
COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 12,800 Btu per pound is calculated as follows:

Assume:

1. The monthly weighted average "as received" calorific value equals (a) 13,000 Btu per pound and (b) 12,500 Btu per pound.

2. The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = **$30.00 per ton.**

3. The total Government Imposition Cost adjustments pursuant to Section 4.06 = **$.30 per ton.**

Example of Calculation

(a) 13,000 Btu per pound

1. $$\frac{13{,}000\ (\$30.00 - \$.30)}{12{,}800} = \$30.16$$

2. **$30.16 - ($30.00 - $.30) = $.46 Per Ton Calorific Value Adjustment**

(b) 12,500 Btu per pound

1. $$\frac{12{,}500\ (\$30.00 - \$.30)}{12{,}800} = \$29.00$$

2. **$29.00 - ($30.00 - $.30) = ($.70) Per Ton Calorific Value Adjustment**

Therefore, in case (a) 13,000 Btu per pound, the Calorific Value Adjustment would be **$.46 per ton** for the subject month, and in case (b) 12,500 Btu per pound, such Calorific Value Adjustment would be **($.70) per ton** for the subject month.

Internal
Correspondence

Gulf Power

Date November 23, 1987

Re Daniel Electric Generating Plant Fuel Contracts

From G. O. Layman

To E. B. Parsons, Jr.

The attached agreement between Fuelco, Inc. and Lake Coal Company of Kentucky for purchase of fuel for the Daniel Electric Generating Plant has been executed by both parties.

I am retaining an extra copy of this contract pending a decision from counsel concerning the forwarding of a copy to the Florida Public Service Commission as has been proposed in the recommendations of the Generic Fuel Hearings. If this contract should be sent to the Florida Public Service Commission, I will generate the necessary confidentiality forms for Gulf protection.

Gulf is not a signee to this contract but we are obligated through the Fuelco agreement to the purchase of fuel for the Daniel Electric Generating Station, therefore, I have not forwarded an executed copy of the contract to Corporate Records but have retained a copy should you direct that it would be forwarded to Corporate Records for final retention.

/gsn

Attachments

cc w/att: M. L. Gilchrist
G. E. Holland, Jr.

627

AGREEMENT BETWEEN FUELCO, INCORPORATED AND LAKE COAL CO. OF KENTUCKY, INC. FOR THE SALE AND PURCHASE OF COAL

TABLE OF CONTENTS

		Page
1.01	Mutual Obligations	1
1.02	Definitions	2
2.01	Seller's Reserves and Preparation for Selling Coal	2
2.02	Seller's Preparation of Mining Plan	3
3.01	Term of Agreement	6
4.01	Price Per Ton of Coal	7
4.02	Adjustment - General	7
4.03	Adjustment for Changes in Labor Costs	8
4.04	Adjustment for Changes in Materials and Supplies	10
4.05	Adjustment for Changes in Other Costs	12
4.06	Adjustment for Changes in Government Imposition	13
4.07	Fixed Portion of Base Price	16
4.08	Notice and Substantiation of Price Adjustments	16
4.09	Calorific Value Adjustment	17
4.10	Excess Ash Adjustment	17
4.11	Excess Moisture Adjustment	18
4.12	Deficient Grindability Adjustment	19
4.13	Price Review	20

33	5.01	Billing and Payment.	20
34	6.01	Shipment	21
35	6.02	Rail Shipments	22
36	6.03	Freight Charges, Title, and Risk of Loss	22
37	6.04	Loading Costs Chargeable to Seller	23
38	6.05	Excess Freight Costs Chargeable to Seller.	23
39	6.06	Payment of Excess Cost to Purchaser.	23
40	7.01	Shipping Notice.	24
41	8.01	Quantity Requirements.	25
42	9.01	Weighing	26
43	10.01	Coal Specifications.	29
44	11.01	Sampling and Analysis.	31
45 46	12.01	Suspension of Shipments for Coal Quality Deficiencies	35
47 48	12.02	Termination of Agreement for Coal Quality Deficiencies	36
49	12.03	Rejection of Coal for Coal Quality Deficiencies. .	36
50 51	12.04	Suspension and Termination of Agreement for Operational Considerations	38
52	13.01	Termination for Unremedied Default	38
53	13.02	Unilateral Termination Right	39
54	14.01	Force Majeure.	39
55	15.01	Changes in Environmental Related Requirements. . .	43
56	16.01	Independent Contractor	45
57	17.01	Binding Effect	46
58	18.01	Assignments.	46
59	19.01	Right of Inspection; Accounting.	46

62	19.02	Right of Inspection; Coal Property	47
63	20.01	Arbitration	48
64	21.01	Waiver	50
65	22.01	Remedies Cumulative	50
66	23.01	Notices	50
67	24.01	Agent for Purchaser	51
68	25.01	Captions	51
69	26.01	Applicable Law	51
70	26.02	Compliance with Laws and Regulations	52
71	27.01	Entire Agreement	52
72	28.01	Confidential and Proprietary Information	52

AGREEMENT BETWEEN FUELCO, INCORPORATED AND LAKE COAL CO. OF KENTUCKY, INC. FOR THE SALE AND PURCHASE OF COAL

This Agreement is effective October 1, 1987 and is made and entered into by and between FuelCo, Incorporated, a corporation organized and existing under the laws of the State of Mississippi ("PURCHASER"), and Lake Coal Co. of Kentucky, Inc. organized and existing under the laws of the State of Delaware ("SELLER").

WITNESSETH: That

WHEREAS, PURCHASER, has entered into a separate Agreement with Mississippi Power Company (MPC) for the purchase and sale of coal and PURCHASER intends to use the coal purchased under this Agreement to satisfy its commitment under the separate Agreement.

WHEREAS, SELLER owns or otherwise controls the Coal Property from which SELLER desires to mine and sell coal to PURCHASER.

NOW, THEREFORE, in consideration of the premises and covenants herein, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine coal and sell such coal to PURCHASER and PURCHASER agrees to buy coal from SELLER on the terms and conditions and in the quantities and quality set forth herein.

1.02 Definitions. The following definitions shall apply in this Agreement:

a. "Coal Property" shall mean the real property, mineral interests, preparation plant facilities and loading facilities, with improvements thereto, located in Letcher County, Kentucky and described in Annex "A".

b. "Contract Year" shall mean the period of time from each October 1 through the following September 30 during the term of this Agreement.

c. "Ton" shall mean two thousand pounds avoirdupois weight.

d. "Base Price" is $25.25 per Ton f.o.b. railcar.

e. "Billing Price" is the Base Price adjusted pursuant to Sections 4.03 through 4.06.

f. A "Shipment" shall occur when SELLER delivers coal in sufficient quantities into a unit train or a Tow of Barges.

g. "Barge" shall mean a standard Barge with a 1500 Ton nominal capacity.

h, "Tow" shall mean six Barges.

i. "Calorific Value Adjusted Price" is the Billing Price adjusted pursuant to Section 4.09.

2.01 SELLER's Reserves and Preparation for Selling Coal. SELLER represents and warrants (except as noted in Annex A) that SELLER owns or controls the Coal Property and that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws and practices, shall be sufficient to satisfy the requirements of this Agreement and that all coal delivered hereunder shall be mined from the Coal Property identified in Annex A.

No coal shall be shipped from any other source without prior approval of PURCHASER. PURCHASER shall have the right to

632

terminate this Agreement if coal is shipped under this Agreement from sources other than those stated in the Coal Property.

SELLER hereby agrees to commit sufficient reserves of coal in the Coal Property meeting the guaranteed quality specifications of Section 10.01 so as to fulfill the quantity specifications herein.

SELLER shall defend the title of PURCHASER with respect to all coal sold hereunder and, with respect to such title, shall indemnify PURCHASER from and against all claims, demands, actions, suits and judgements.

2.02 SELLER's PREPARATION OF MINING PLAN. SELLER shall promptly prepare complete reserve data and a mining plan for the Coal Property and conduct any additional exploration of the Coal Property necessary in connection therewith to demonstrate SELLER's capability to produce coal from the Coal Property meeting the quantity and quality specifications of this Agreement during the term hereof. Two copies of such complete mining plan shall contain maps and narratives depicting areas and seam(s) of coal to be mined and shall include, but not be limited to, the following information: (i) reserves under the ownership or control of SELLER from which the coal shall be produced and the mining sequence, by quarter-years (or such other time intervals as agreed), during the term of this Agreement; (ii) methods of mining such reserves and equipment devoted or to be devoted to such mining; (iii) methods of transporting and washing coal to insure compliance with the quantity and the quality requirements

633

including a description and flow sheet of the preparation plant; (iv) quality data plotted on maps depicting data points and isolines by seam of bed moisture, ash, sulfur, ash fusion temperature and Btu; (v) quality control plans including sampling and analysis procedures to insure individual Shipments meet quality specifications, and; (vi) SELLER's sales commitments to others from the Coal Property during the term of this Agreement, sufficient to demonstrate SELLER's capability to produce coal from the Coal Property meeting the quality and quantity specifications of this Agreement. Such complete mining plan shall be presented to PURCHASER within sixty (60) days from the date of execution of this Agreement. Upon receipt thereof, PURCHASER shall have the right to review such plan, both individually and jointly with SELLER, and to submit such plan to and consult with third parties, if deemed necessary. Within sixty (60) days from receipt of such plan, PURCHASER shall advise SELLER that the mining plan has been approved, or shall specify the aspects of such plan which are, in PURCHASER's opinion, inadequate. The parties shall consult in good faith with respect to matters considered by PURCHASER to be inadequate and SELLER shall, within thirty (30) days after receipt of notice from PURCHASER of inadequacy of the mining plan, submit revisions to correct any deficiency. PURCHASER shall have thirty (30) days from the receipt of such a revision to the mining plan to evaluate such a revision. PURCHASER shall evaluate mining plan on the basis of whether such plan demonstrates SELLER's

capability to produce coal from the Coal Property of a quality and in quantities sufficient to meet the requirements of this Agreement. If, in PURCHASER's judgement, such plan fails to provide such demonstration, PURCHASER may terminate this Agreement by giving SELLER thirty (30) days written notice of such termination and neither party shall have any further rights or obligations hereunder.

PURCHASER's receipt, review, acceptance or approval of the mining plan or other information or data furnished by SELLER shall not in any manner relieve SELLER of any of SELLER's obligations or responsibilities under this Agreement, nor shall such review or approval be construed as constituting an approval of SELLER's proposed mining plan as prudent mining practices, such review and approval by PURCHASER being limited solely to a determination, for PURCHASER's purposes, of SELLER's capability to supply coal on a long term basis to fulfill PURCHASER's requirements of a dependable coal supply. After final approval of SELLER's mining plan, SELLER shall provide PURCHASER prior notification of any material variations or deviations therefrom during the term of the Agreement.

SELLER shall annually provide PURCHASER with a mine plan "Update" showing progress to date, conformity to original mining plan, and then known changes in reserve data and planned changes in mining progression, plans or procedures. The Update for each year shall be submitted on or before the anniversary of the execution date of this Agreement. If the Update is not deemed by

PURCHASER to be suitable, it shall not constitute a valid reason for PURCHASER to cancel this Agreement.

SELLER agrees and warrants that it shall acquire and maintain, in a timely manner, all licenses and permits required by governmental authorities to engage in the mining and selling of coal and to otherwise perform its obligations under this Agreement.

3.01 Term of Agreement. The term of this Agreement shall commence on October 1, 1987, and expire midnight, September 30, 1997. PURCHASER shall have the options to extend this Agreement for two successive terms of five years each. The right to extend the Agreement for the extended terms is conditioned upon negotiation of mutually agreeable revisions to the Base Price and upon SELLER's having sufficient available coal reserves to satisfy PURCHASER's requirements under this Agreement for such extended terms. The first and second option shall be exercised by PURCHASER by giving SELLER not less than one year's written notice prior to expiration of the then current term. Upon receipt by SELLER of such written notice, PURCHASER and SELLER shall proceed in good faith to negotiate within ninety (90) days mutually agreeable revisions to the Base Price, as aforesaid, for the first or second extended term. If such mutually agreeable revisions are negotiated for the first or second term, then, in each such case, SELLER shall promptly proceed to commit sufficient Tonnage to fulfill its commitment and the term of this Agreement shall be extended thereby for five years, and for an

additional five year period, as the case may be. If, within such ninety (90) day period, the parties cannot mutually agree on such revisions to the Base Price, for any extended term, this Agreement shall terminate at the expiration of the then current term.

4.01 Price Per Ton of Coal.

The "Base Price" per Ton of coal is $25.25 per Ton f.o.b. railcar or Barge and is not subject to adjustment prior to January 1, 1989 except for adjustment in Government Imposition as specified in Section 4.06.

4.02 Adjustments - General. The Base Price per Ton, as provided in Section 4.01, is subject to adjustment as provided in Sections 4.03 through 4.06; and such adjusted price, excluding adjustments under Section 4.06, is subject to the Calorific Value Adjustment provision of Section 4.09. The Calorific Value Adjusted Price shall be subject to the excess ash provision of Section 4.10 and the excess moisture provision of Section 4.11. The specific components of the Base Price are attached hereto as Annex B. The Base Price with said adjustments, as provided in Section 4.03 through Section 4.06, shall be referred to herein as the "Billing Price." All of such provisions for adjustments contained in this Agreement are subject to the procedures for verification set forth in Sections 4.08 and 19.01 hereof. Adjustments made in computing the Billing Price shall be calculated to the nearest cent per Ton. No dispute concerning price adjustments shall in any way relieve either party of its

respective obligations of performance under this Agreement at the then existing Billing Price, including, but not limited to, PURCHASER's obligation to make timely payment and SELLER's obligation to make timely deliveries at the immediately prior Billing Price.

SELLER shall promptly notify PURCHASER, in writing, of all adjustments set forth in Sections 4.03 through 4.06. Adjustments in the Base Price per Ton under such Sections shall apply to coal shipped from and after the later of (1) the effective date(s) of the adjustments as provided hereafter or (2), in cases where the adjustment increases the price, the date on which the PURCHASER received notice from SELLER of such claimed adjustment, if such claim is received more than forty-five (45) days after the effective date permissible for such change. With respect to decreases required to be made by virtue of such adjustment provisions, of which SELLER fails to notify PURCHASER, such adjustments shall be made retroactively as to all coal shipped after the time such adjustment would have applied had notice been given within forty-five (45) days of the effective date of such adjustment.

4.03 Adjustment for Changes in Labor Costs.

All labor related costs covered by the Base Price stated in Section 4.01 are represented by the "Labor Costs Component" of $5.55 per Ton. The Labor Costs Component shall not change.

638

The Billing Price shall be adjusted for changes in labor costs, as measured exclusively by changes in the Labor Costs Index. The Labor Costs Index shall be the "Established Data, Hours and Earnings, Table C-2, 1972 SIC Code 11, 12 Coal Mining, Average Hourly Earnings," as first published in Employment and Earnings by the U. S. Department of Labor. The first published value of the index for July 1988 is the Base Index for price adjustment purposes pursuant to this Section 4.03.

A labor cost adjustment to the Billing Price shall be determined for January 1, and July 1, during the term of this Agreement, with the first such adjustment effective January 1, 1989. The amount of such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the first published value of the Labor Costs Index for November or May preceding the adjustment during the term of this Agreement. The percentage change in the Labor Costs Index from the level of the Base Index shall be computed to the nearest one-tenth of a percent, and multiplied times the Labor Costs Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price effective January 1 and July 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.03 are attached hereto as Annex C.

In the event of unavailability of any index described in Section 4.03, price adjustments shall be computed by use of published conversion tables of the U. S. Department of Labor reflecting the effect of any such revision, if available, or otherwise by mutual agreement.

4.04 Adjustment for Changes in Materials and Supplies Costs.

All materials and supplies costs covered by the Base Price stated in Section 4.01 are represented by the "Materials and Supplies Component" of $9.09 per Ton. The Materials and Supplies Component shall not change.

The Billing Price shall be adjusted for changes in materials and supplies costs, as measured exclusively by changes in the Materials and Supplies Index. The Materials and Supplies Index shall be a weighted composite index composed of various price indices as weighted and shown below and first published by the U. S. Department of Labor, Bureau of Labor Statistics. The value of the weighted index (determined from first published values) for July 1988 is the Weighted Base Index for price adjustment purposes pursuant to this Section 4.04. The indices which compose the Materials and Supplies Index and related percentage weights to be used are as follows:

640

BLS COMMODITY INDEX	CLASSIFICATION	% WEIGHT
0543-1514	Industrial Power - Regional	7
057	Petroleum Products - Refined	13
0679-02	Explosives	4
1081-02	Externally Threaded Fasteners (Excluding Aircraft)	44
081	Lumber	18
1192	Mining Machinery and Equipment	14

		100

An adjustment to the Billing Price for changes in material and supplies costs shall be determined for January 1, April 1, July 1, and October 1, during the term of this Agreement, with the first such adjustment effective January 1, 1989. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Weighted Base Index and the value of the Materials and Supplies Index for November, February, May, or August preceding the adjustment during the term of this Agreement. The percentage change shall be computed to the nearest one-tenth of a percent, and multiplied times the Materials and Supplies Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price effective January 1, April 1, July 1, and October 1, as the case may be.

Examples of the computation of the price adjustments pursuant to this Section 4.04 are attached hereto as Annex D.

641

In the event of unavailability of any index described in Section 4.04, price adjustments shall be computed by use of published conversion tables of the U. S. Department of Labor reflecting the effect of any such revision, if available, or otherwise by mutual agreement.

4.05 Adjustments for Changes in Other Costs.

All other costs covered by the Base Price stated in Section 4.01 are represented by the "Other Costs Component" of $4.80 per Ton. The Other Costs Component shall not change.

The Billing Price shall be adjusted for changes in other costs based exclusively on changes in the Other Costs Index. The Other Costs Index shall be the GNP Implicit Price Deflator (preliminary number), published quarterly by the U. S. Bureau of Economic Analysis. The Base Index shall be the value (preliminary number) of the Other Costs Index for the Second Quarter 1988 (1982 = 100).

An adjustment to the Billing Price for changes in other costs shall be determined quarterly at each January 1, April 1, July 1, and October 1 during the term of this Agreement, with the first such adjustment effective January 1, 1989. The amount of each such adjustment shall be calculated and made upon the basis of the percentage change from the value of the Base Index and the preliminary value of the Other Costs Index for the third quarter, fourth quarter, first quarter, and second quarter preceding each January 1, April 1, July 1, and October 1, respectively during

642

the term of this Agreement. The percentage change in the Other Costs Index from the level of the Base Index shall be computed to the nearest one-tenth of a percent and multiplied times the Other Costs Component of the Base Price. The resulting adjustment amount less previous adjustments, all determined to the nearest cent per Ton, shall be added to or subtracted from the then current Billing Price and shall be effective January 1, April 1, July 1, and October 1, as the case may be.

Examples of the computation of the price adjustment pursuant to this Section 4.05 are attached hereto as Annex E.

In the event of unavailability of the Other Costs Index described in this Section 4.05, price adjustments shall be computed by use of published conversion tables of the U. S. Bureau of Economic Analysis reflecting the effect of any such revision, if available, or otherwise by mutual agreement.

4.06 Adjustment for Changes in Government Imposition. The term "Government Imposition," as used in this Agreement, means any tax or fee imposed on SELLER by any government or government agency or any statute, administrative regulation or ruling, state or local ordinance, or the like affecting the production, severance, preparation, loading, transporting, or sale of coal and reclamation of the Coal Property hereunder. The term does not include impositions on Seller, such as federal or state income taxes or excise taxes, which are not levied upon the production, preparation, loading, transportation or sale of coal

643

or reclamation of the Coal Property hereunder or any employer's social security or unemployment taxes.

The Base Price stated in Section 4.01 includes all costs of compliance by SELLER with all Government Impositions effective as of July 1, 1987 regardless of whether or not Seller is actually in compliance with all such Government Impositions as of that date. It is recognized that effective July 1, 1987, the Base Price includes $1.10/Ton for the Black Lung Excise Tax and $.15/Ton for the Reclamation Fee.

Price adjustments shall be made for changes in costs due to SELLER's compliance with Changes In Government Impositions which shall be (1) amendments on or after July 1, 1987 to Government Imposition; (2) requirements of entirely new Government Impositions which are enacted or promulgated after July 1, 1987; or (3) final judgements, orders or decrees issued after July 1, 1987 by any court of law or equity, which reflect new and different interpretations of Government Impositions where such changes in cost directly affect and are binding upon SELLER's operation hereunder. Such changes in cost shall hereinafter be called "Changes in Costs". Changes in Costs shall not include and no price adjustments shall be made for costs due to compliance with (1) any Government Imposition effective as of July 1, 1987, regardless of whether the Base Price reflects the full costs of compliance with such Government Imposition; or (2) any civil or criminal fine or penalty imposed as the result of

failure to comply with any statute, administrative regulation or ruling, state or local ordinance, or judgement, order or decree of any court; or (3) any changes for which adjustments have been made pursuant to Sections 4.03, 4.04, or 4.05 of this Agreement.

In the event and whenever after July 1, 1987, there is a Change In Government Imposition, SELLER shall give PURCHASER written notice thereof within forty-five (45) days of the effective date of the new or changed Government Imposition.

If the Change In Government Imposition is a tax or fee which is expressly imposed on a per Ton basis, SELLER shall submit a claim within forty-five (45) days of the effective date of the new or changed Government Imposition which shall be processed in accordance with the provisions of Sections 4.02 and 4.08.

If the Change In Government Imposition results in a Change In Costs not expressly imposed on a per Ton basis, SELLER shall submit a claim which describes the Change In Costs and which contains sufficient documentation and data to permit PURCHASER to verify SELLER's computation of the Change In Costs. The documentation and data shall be based on an adequate period of experience in compliance with such Change In Government Imposition, but in no case, shall such adequate period exceed twelve (12) months. In the case of a determination of a Change In Costs which is an increase, an adjustment to the Base Price shall be made for the period no more than twelve (12) months prior to the receipt by PURCHASER of SELLER's claim, and during

645

which such Change In Government Imposition was in effect. In the case of a Change In Costs which is a decrease, an adjustment to the Base Price shall be made from the date such Change In Government Imposition was in effect. PURCHASER shall have the right to require SELLER to evaluate and submit such a claim if SELLER fails to do so after a Change In Government Imposition is effective.

4.07 Unescalated Portion of Base Price. $4.56 per Ton of the Base Price stated in Section 4.01 is not subject to escalation.

4.08 Notice and Substantiation of Price Adjustments. SELLER shall notify PURCHASER in writing, as provided in Section 4.02, of the amount of any claimed adjustment (either increases or decreases) to the Base Price, pursuant to provisions of Sections 4.03 through 4.06, and shall furnish PURCHASER with whatever computations and data are reasonably necessary to substantiate such adjustments. PURCHASER shall accept or contest any adjustment(s) within sixty (60) days after receipt from SELLER of all computations and data which are reasonably necessary to substantiate the adjustment(s). If PURCHASER contests any adjustment, PURCHASER shall pay to SELLER, or SELLER shall credit PURCHASER with, the undisputed portion of the claimed adjustment. PURCHASER or PURCHASER'S representative shall have the right to audit SELLER'S books and records to determine whether any adjustment is proper and has been properly

646

553 computed by SELLER in accordance with the applicable provisions
554 of this Agreement.
555 4.09 Calorific Value Adjustment. The amount to be paid by
556 PURCHASER shall be adjusted on the basis of the actual "as
557 received" calorific value of the coal as determined from the
558 samples taken and analyzed in accordance with Section 11.01 and
559 Annex H hereof. The Calorific Value Adjusted Price shall be
560 determined as follows: The monthly weighted average "as
561 received" calorific value of all coal unloaded during the
562 calendar month shall be divided by the guaranteed calorific value
563 of 12,800 Btu/lb. The resulting quotient shall be multiplied by
564 the then current Billing Price determined by Purchaser excluding
565 total Government Imposition Adjustments pursuant to Section 4.06.
566 The resulting product shall then be added to the total Government
567 Imposition Adjustments pursuant to Section 4.06.
568 PURCHASER shall submit to SELLER analyses of coal received
569 and computations of the calorific value adjustments to
570 substantiate such adjustments. The calorific value adjustment
571 mechanism is further detailed and illustrated in Annex F, and
572 this adjustment shall be made in accordance with said Annex F.
573 4.10 Excess Ash Adjustment. In addition to other
574 adjustments, the price per Ton to be paid by PURCHASER for coal
575 shall be adjusted downward in proportion to the ash content in
576 excess of the guaranteed level. This adjustment shall be
577 subtracted from the Calorific Value Adjusted Price of coal

delivered and unloaded and shall be based upon the "as received" ash content for each unit train or Barge of coal unloaded. The amount per Ton of this Excess Ash Adjustment shall be calculated as follows:

The adjustment shall be $2.00 per Ton multiplied by the percentage difference by which the "as received" ash content for each unit train or Barge of coal unloaded exceeds the guaranteed level. No credits shall be given if the "as received" ash content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Ash Adjustment Formula:

$ Adjustment/Ton = $2.00 (% Ash - % Guaranteed Ash)

4.11 Excess Moisture Adjustment. In addition to other adjustments, the price per Ton to be paid by PURCHASER for coal shall be adjusted downward in proportion to the moisture content in excess of the guaranteed level. This adjustment shall be subtracted from the Calorific Value Adjusted Price of coal delivered and unloaded and shall be based upon the "as received" moisture content for each unit train or Barge of coal unloaded. The amount per Ton of this Excess Moisture Adjustment shall be calculated as follows:

The adjustment shall be $1.00 per Ton multiplied by the percentage difference by which the "as received" moisture content

for each unit train or Barge of coal unloaded exceeds the guaranteed level. No credits shall be given if the "as received" moisture content is less than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Moisture Adjustment Formula:

$ Adjustment/Ton = $1.00 (% Moisture - % Guaranteed Moisture)

4.12 Deficient Grindability Adjustment. In addition to other adjustments, the price per ton to be paid by PURCHASER for coal shall be adjusted downward to compensate for deficient grindability of SELLER's coal. This adjustment shall be subtracted from the Calorific Value Adjusted Price of coal delivered and unloaded and shall be based upon the grindability content for each unit train or barge of coal unloaded. The amount per ton of this grindability adjustment shall be calculated as follows:

The adjustment shall be $0.50 per ton multiplied by the number of index points by which the grindability content for each unit train or barge of coal unloaded is less than the guaranteed level. No credits shall be given if the grindability content is greater than the guaranteed level. The adjustment in price is in addition to any remedies provided by the Agreement or in law or equity. Grindability Adjustment Formula:

649

$ Adjustment/Ton = $.50 (Guaranteed HGI - Actual HGI)

4.13 Price Review. During the second Contract Year of this Agreement and every second Contract Year thereafter, PURCHASER may at its option initiate a renegotiation of the price to be paid for coal and/or of the escalation provisions of this Agreement. If PURCHASER elects to renegotiate, it shall notify SELLER in writing on or before May 1 of that Contract Year. The parties shall promptly thereafter begin good faith renegotiation of the price and/or escalation provisions. If a mutually acceptable amendment cannot be reached on or before September 1, PURCHASER may, at its option and on ten (10) days written notice, terminate this Agreement effective September 30 of that Contract Year.

5.01 Billing and Payment. Within fourteen (14) working days after the unloading of each unit train or Barge or within fourteen (14) working days after the receipt by PURCHASER of SELLER's invoice, whichever occurs later, but not more than 30 days after the receipt of invoice and verification of shipment, PURCHASER shall remit to SELLER or its designee ninety percent (90%) of the amount due SELLER which amount is determined by multiplying the Tons of coal as determined by SELLER's loaded weights as stated on the invoice by the then current Billing Price as determined by PURCHASER.

650

Final adjustment of the amount to be paid shall be based on weights and analyses of coal determined in accordance with Sections 9.01 and 11.01. Within the first fourteen (14) working days of each month, PURCHASER shall file with SELLER a report on weights and analyses determined pursuant to Section 9.01 and 11.01 and information showing the adjustments under Section 4.09 through 4.11 for all coal Shipments which are received, unloaded and analyzed during the preceding month. Upon receipt of PURCHASER's report, SELLER shall invoice PURCHASER for any balance due, or shall credit to scheduled future Shipments the amount of any overpayment, as the case may be. Any such overpayment not so credited shall be remitted, within fourteen (14) working days upon receipt of PURCHASER's report, by SELLER to PURCHASER. PURCHASER shall pay such balance due within fourteen (14) working days of receipt of SELLER's invoice.

Invoices should be sent to:

FuelCo, Incorporated
P. O. Box 2625
BIN 852
Birmingham, Alabama 35202

6.01 Shipment. It is anticipated that coal sold hereunder shall be shipped by rail from SELLER's loading facilities ultimately to be delivered to the Daniel Electric Generating Plant in Mississippi or other destinations specified by PURCHASER. PURCHASER, at its sole option, may elect to have the coal sold hereunder delivered to a Barge transloading facility for transfer to Barges for delivery to destination.

651

6.02 Rail Shipments. SELLER shall provide off-main line rail trackage sufficient for efficient and dependable loading of at least ninety (90) car unit trains at SELLER's Hogg Tipple/No. 2679 on the CSX Railroad near Roxana, Kentucky, and shall be prepared to operate its loading facilities twenty-four (24) hours per day, seven days per week, if needed, in compliance with the applicable rail contract for deliveries hereunder. SELLER agrees to provide loading facilities capable of loading unit trains at an effective rate sufficient for the quantities of coal scheduled for delivery under this Agreement and sufficient for the applicable rail contract. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities shall interfere with or impair SELLER's obligations as set forth in this Agreement.

Shipment and receipt of coal under this Agreement shall be made in accordance with the rail contract applicable to the destination of the delivery.

6.03 Freight Charges, Title, and Risk of Loss. Subject to reimbursement provided by Sections 6.04 and 6.05, MPC shall pay all freight and other charges imposed by the carrier applicable to the destination of the Shipment. PURCHASER shall bear the risk of loss of said Shipment after each Shipment has been properly loaded into railcars, but title shall not pass to PURCHASER until arrival at the ultimate destination designated by PURCHASER.

652

6.04 Loading Costs Chargeable to Seller. If SELLER fails to satisfy the loading requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, SELLER shall pay any resulting car detention penalties and shall pay any penalties or charges for cars loaded in excess of capacity which is required by such rail contract. SELLER shall pay the per Ton transportation rate, required to be paid by MPC under the rail contract, for all Tons not loaded to the marked capacity per car, provided, however, no penalty shall be imposed if such cars are underloaded by five (5%) percent or less of the total marked capacity.

6.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to tender sufficient coal to satisfy the quantity requirements in accordance with Section 8.01 and thereby fails to satisfy the Tonnage requirements of the applicable rail contract and such failure is not excused pursuant to force majeure as provided in the applicable rail contract, SELLER shall pay any resulting freight charges which MPC is required by such contract to pay the carrier over the amount of such charges otherwise payable.

6.06 Payment of Excess Costs. Any payments required by Sections 6.04 and 6.05 above shall be paid within fourteen (14) working days after receipt by SELLER of a written statement itemizing such charges which are in accordance with the current

653

applicable contract. At PURCHASER's election, such charges may be credited against amounts owed by PURCHASER to SELLER hereunder.

7.01 Shipping Notice. Promptly after loading each rail Shipment SELLER shall telecopy PURCHASER a notice of Shipment which shall include SELLER's name; train number; car numbers; Tonnage shipped; date of Shipment; and other such information as required by PURCHASER from time to time.

Notice shall be sent to:

Supervisor, Fuel Delivery and Payment
Mississippi Power Company
P. O. Box 4079
Gulfport, Mississippi 39501

and

Plant Manager
Daniel Electric Generating Plant
P. O. Box 950
Escatawpa, Mississippi 39552

and

Traffic Coordinator
Fuel Supply Department
Southern Company Services
P. O. Box 2625
BIN 852
Birmingham, AL 35202

SELLER shall determine the short proximate analysis, in accordance with Annex H, of each Shipment and shall telecopy and telephone such analysis, within twenty-four (24) hours, to PURCHASER at locations designated by PURCHASER. Should SELLER fail to provide such analysis as specified, PURCHASER may elect

to delay unloading of Shipment until such time as analysis is provided and SELLER is liable for any demurrage and other costs occasioned by the delay.

8.01 Quantity Requirements. Except as otherwise provided herein, SELLER shall tender coal produced from the Coal Property at the Base Rate of 306,000 Tons per Contract Year during the term of this Agreement which shall be delivered in railcars or Barges in approximately equal monthly quantities. Upon the giving of a twelve (12) months written notice or unless otherwise mutually agreeable, PURCHASER shall have the right to increase or decrease the Base Rate, the cumulative effect of such increases or decreases in the base rate shall be limited such that the annual tonnage requirement, determined on a contract year basis, shall be within a range of 204,000 to 408,000 tons/year. Upon the giving of a twelve (12) months written notice or unless otherwise mutually agreeable, PURCHASER may increase the annual tonnage requirement up to 612,000 tons/year subject to SELLER's consent and to SELLER's ability to mine, process and ship coal. In addition to the options to increase or decrease the Base Rate, PURCHASER shall also have the right, upon ninety (90) days written notice, to increase or decrease the quantity of coal to be delivered monthly under this Agreement; provided however that PURCHASER may not increase or decrease the quantity by more than 8,500 Tons per month (approximately one (1) unit train per month) above the then established Base Rate unless PURCHASER and SELLER

655

agree otherwise. The option to increase or decrease the monthly deliveries does not alter the annual tonnage requirement, unless Purchaser and Seller agree otherwise.

In the event SELLER has available for delivery additional quantities of coal, that is, in excess of the quantity requirements hereunder, from the Coal Property and desires to sell the same to PURCHASER under the terms of this Agreement, SELLER may offer the same to PURCHASER, and upon acquiring the prior written approval of PURCHASER, such additional quantities shall be added to the quantities above set forth and shall be governed by the terms hereunder.

9.01 Weighing. Coal provided by SELLER under this Agreement shall be weighed by SELLER as provided in this Section 9.01. PURCHASER shall have the option at any time during the term of this Agreement to elect to weigh the coal for governing purposes at Daniel Electric Generating Plant, or other destinations specified by PURCHASER.

Except as provided above, the weight of coal for each Shipment sold and delivered hereunder shall be determined from the SELLER's scale located at the SELLER's final coal loading facility. Said scales and method of weighing shall be acceptable to the PURCHASER and the Carrier, and shall be certified in accordance with the then current Association of American Railroads "Scale Handbook". Seller's scales used to determine the governing weight of coal shall be material tested and

656

certified within fourteen (14) days of execution of this Agreement and thereafter at least on a semi-annual basis. SELLER's scales used to determine the governing weight shall also be calibrated and maintained in an accurate condition between material tests and certifications. Documentation of all scale tests and maintenance performed shall be provided to PURCHASER within fourteen (14) days of completion of such action. In the absence of scale weights from SELLER, PURCHASER and SELLER shall mutually agree by what means the weight of coal sold, delivered and purchased hereunder shall be determined. Such methods as mutually agreed on shall not necessarily be the same as that required under the rail contract for payment of freight. SELLER shall pay all costs or expenses charged to or incurred by MPC as a result of the absence of scale weights from SELLER.

A net weight shall be determined and reported for each Shipment of coal hereunder. If SELLER provides a coupled-in-motion track scale, the actual empty weight of the railcar rather than the empty (tare) weight stenciled on the railcar shall be used for the determination of the net weight. The scale shall be tested as normally used by comparing the in-motion weight of a unit train with the weight of the train determined statically weighing each railcar uncoupled at both ends. The scale shall be calibrated statically with a certified railroad test car as required during the course of the test. The coupled-in-motion scale shall be tested with railcars both empty

657

and loaded. SELLER shall be responsible for all test charges. Additional tests shall be performed if requested by the PURCHASER. PURCHASER shall be responsible for the cost of additional tests unless the results thereof show that the scale failed to conform to certification standards, in which event SELLER shall be responsible for such costs.

PURCHASER shall have the right to have representatives present at any and all times to observe the weighing of coal as well as all maintenance and tests on the weighing devices. PURCHASER's representative shall have the right to delay or stop coal loading in the event that SELLER's scale malfunctions. SELLER shall pay all costs or expenses charged to or incurred by PURCHASER or MPC as a result of any such scale malfunction. Loading will be resumed when scale repairs are completed or when mutually agreed to by PURCHASER and SELLER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of loading. If PURCHASER should at any time question the accuracy of the weights thus determined, PURCHASER shall so advise SELLER and SELLER shall permit PURCHASER's representatives to test SELLER's weighing devices or methods. If such tests show the weighing devices to be out of tolerance, or if the weighing devices otherwise are determined to be out of tolerance, the weighing devices shall be adjusted to an accurate condition. In the event PURCHASER and SELLER are unable to agree upon such tests and adjustments, or the devices or methods thereof, the

658

weighing devices and methods shall be tested and adjusted to a condition of accuracy by a qualified third party, mutually chosen by PURCHASER and SELLER, and the cost of the testing and adjusting by such third party shall be shared equally by PURCHASER and SELLER.

If SELLER's weighing devices or methods are determined to be out of tolerance, an appropriate adjustment shall be made to the affected weights and related invoices and payments. Such adjustments shall be made retroactively to a date midway between the date on which the weighing devices were last certified and the date on which the out of tolerance condition caused by weighing methods or devices was first questioned and prospectively until the date on which the weighing methods and devices were corrected.

10.01 Coal Specifications. The coal sold by SELLER and purchased by PURCHASER hereunder shall be uniformly blended and such blend shall be consistent from railcar to railcar; shall be three inches and under in size (3" x 0") as defined in the then current ASTM Designation D-431 Standard for Designating Size of Coal and shall not contain greater than fifty (50%) percent particles less than (1/4) inch in size; shall have no intermediate sizes added or removed; shall not contain coal greater than six (6) inches in any dimension; shall be free of bone, slate, shale, rock, dirt, and clay, and free of extraneous material which term shall include, but not be limited to plastic,

659

rubber, iron, wood and other waste materials, and shall conform to the following analysis on an "as received" basis:

	Guaranteed Specifications (Per Train or Barge)	Rejection Limits (Per Train or Barge)
Moisture (total)	9.00% or less	10.50% or greater
Ash	10.00% or less	11.00% or greater
Sulfur	0.60 lbs maximum of sulfur per million Btu	Greater than 0.60 lbs of sulfur per million Btu
Volatile Matter	Equal to or greater than 33%	Equal to or less than 30%
Ash Fusion Temp. Softening (H=W Reducing Atmosphere)	Equal to or greater than 2300 Degrees F	Less than 2200 Degrees F
Calorific Value	12,800 Btu/lb	11,800 Btu/lb or less

An example of the calculation of the pounds of sulfur per million Btu is shown in Annex K.

SELLER and PURCHASER agree to establish the contractual HGI specification within 12 months of execution of this purchase agreement. The specification shall be established by performing HGI analysis on a minimum of one half of the samples collected from unit trains shipped under this Agreement during the first Contract Year. The guaranteed specification shall be established as the mean value minus 2 standard deviations of the accumulated data rounded to the lowest whole number (example: 42.6 would be rounded to 42, not 43). All data shall be derived from calculating the HGI from the original Hardgrove Formula: HGI = 13

6660

+ (6.93 x calculated weight of test sample passing the No. 200 mesh sieve). The rejection specification shall be established at two (2) index points below the established guaranteed specification. The provisions regarding HGI specifications relating to Section 4.12, 12.01, 12.02 and 12.03 will not be applicable during the first contract year, provided the coal, in PURCHASER's sole judgement, does not cause operational problems at the destination.

SELLER shall reimburse PURCHASER for all damage caused to MPC's equipment by any extraneous material loaded with the coal by SELLER.

11.01 Sampling and Analysis.

Coal provided by SELLER under this Agreement shall initially be sampled by SELLER and analyzed by MPC or PURCHASER's designated laboratory as provided in this Section 11.01. MPC shall have the option at any time during the term of this Agreement to elect to sample for governing purposes at Daniel Electric Generating Plant or other destination specified by PURCHASER. MPC's sampling shall conform to specifications based on the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis."

So long as SELLER samples the coal for governing purposes, SELLER shall provide at SELLER's final coal loading facility a mechanical sampling system of the "cutting the full coal stream"

661

type or other system acceptable to PURCHASER. The design and operation of the sampling system shall be in accordance with the then current American Society for Testing and Materials Standard D-2234 "Collection of a Gross Sample of Coal" and Standard D-2013 "Preparing Coal Samples for Analysis". The sampling system shall be enclosed to minimize moisture loss and shall be designed for one stage of sample crushing to an eight (8) mesh product. SELLER shall submit design drawings and specifications for any new proposed sampling system to PURCHASER for review and comment prior to installation. PURCHASER and SELLER shall use their best efforts to agree on modification of procedures and equipment to incorporate improved methods developed in the future by American Society for Testing and Materials.

SELLER shall collect representative samples of each Shipment of coal sold hereunder using the mechanical sampling system as described above at the loading facility. The final sample of eight (8) mesh coal from the mechanical sampling system shall be reduced to eight (8) 1000 gram laboratory samples, at the loading facility, in accordance with the then current American Society for Testing and Materials Standard D-2013 "Preparing Coal Samples for Analysis", using an enclosed riffle to minimize moisture loss. SELLER shall ship four (4) laboratory samples, within twenty-four (24) hours of sample collection, to PURCHASER's designated laboratory, and two (2) laboratory samples shall be retained by the SELLER. One (1) laboratory sample shall be

662

retained by both PURCHASER and SELLER for thirty (30) days from date of Shipment as reserve samples. One laboratory sample shall be analyzed by SELLER to meet its requirements under Section 7.01.

PURCHASER or its designated representative may observe any sampling or sample preparation performed by SELLER; SELLER or its designated representative may observe any sampling or sample preparation performed by MPC or PURCHASER's designated laboratory. PURCHASER's representative shall have the right to delay or stop coal loading in the event that SELLER's sampling system malfunctions. SELLER shall pay all costs or expenses charged to or incurred by PURCHASER or MPC as a result of any such sampling system malfunction. Loading will be resumed when sampling system repairs are completed or when mutually agreed to by PURCHASER and SELLER. PURCHASER agrees to work in a reasonable and expeditious manner to facilitate resumption of loading.

One laboratory sample sent to PURCHASER's designated laboratory shall be analyzed in accordance with Annex H and the results of such analysis shall be used for the governing purposes of this Agreement.

PURCHASER's designated laboratory may be MPC's fuel laboratory or an independent qualified, commercial, coal testing laboratory which shall analyze the laboratory samples sent by SELLER in accordance with Annex H. In the event PURCHASER elects

to employ such a commercial laboratory, SELLER shall not be liable for any costs incurred by PURCHASER except as herein provided.

Annex H delineates laboratory sampling preparation and analytical procedures which are in accord with ASTM and industry standards and which are to be used by SELLER and PURCHASER as provided in this Section 11.01.

If a dispute arises between PURCHASER and SELLER over the results of such analyses, one of the laboratory samples reserved for settlement of disputes shall be sent to a qualified independent laboratory (selected jointly by PURCHASER and SELLER) which shall conduct a referee analysis in accordance with Annex H. The referee sample to be sent to the independent laboratory by the PURCHASER or SELLER shall be selected on a random basis. The cost of any such referee analysis shall be borne equally by PURCHASER and SELLER.

With respect to disputes involving items of the analysis, the analysis of MPC or PURCHASER's designated laboratory shall be deemed to have been confirmed if the difference between the analysis of such independent laboratory and analysis of MPC or PURCHASER's designated laboratory is within the tolerances specified in the then current American Society of Testing and Materials Standards.

In the event that a difference in any disputed item of MPC's or PURCHASER's designated laboratory analysis and the independent

6664

laboratory's analysis of the referee sample exceeds tolerances specified in the then current ASTM Standards, the complete analysis of the referee sample shall govern.

12.01 Suspension of Shipments for Coal Quality Deficiencies. Should the coal quality of any Shipment fail to comply with any of the guaranteed specifications stated in Section 10.01 of this Agreement, PURCHASER shall have the right to suspend immediately all Shipments by giving notice of the suspension to SELLER. After receipt of such notice, SELLER shall immediately commence appropriate action and use its best efforts to correct the deficiency. SELLER shall furnish PURCHASER with such documentation as PURCHASER may reasonably require to assure PURCHASER of SELLER's ability to perform. If PURCHASER is reasonably assured that SELLER can deliver coal which complies with the guaranteed specifications of Section 10.01, then a test Shipment shall be scheduled. If analysis by MPC shows the test Shipment to be in compliance with the guaranteed specifications of Section 10.01, deliveries shall be permitted to resume. PURCHASER shall have the sole right to determine if SELLER shall be allowed to make up any Tonnage not delivered during the suspension.

If PURCHASER does not receive adequate assurance of SELLER's ability to deliver coal which complies with the guaranteed specifications, within thirty (30) days of suspension notice, or if the test delivery fails to comply with the guaranteed

specifications, PURCHASER shall so notify SELLER of such failure, and this Agreement may be immediately terminated, at PURCHASER's option.

12.02 Termination of Agreement for Coal Quality Deficiencies. In addition to and not as a limitation upon other rights of PURCHASER, if during a sixty (60) consecutive day period following notice to SELLER of failure to comply with Section 10.01, forty (40%) percent of the coal unloaded fails to comply with any of the guaranteed specifications set forth in Section 10.01, SELLER shall be in material breach of this entire Agreement and PURCHASER shall have the right to immediately terminate this Agreement.

In the event PURCHASER terminates this Agreement under this Section 12.02 or Section 13.01, or suspends delivery pursuant to the provisions of Section 12.01, and in addition to other remedies provided by this Agreement or by law, SELLER shall be liable to PURCHASER for breach of the entire Agreement and shall be responsible and shall pay PURCHASER for any and all costs incurred by PURCHASER or MPC under this Agreement and other contracts with transportation companies which result from such termination or suspension of Shipments hereunder.

12.03 Rejection of Coal for Coal Quality Deficiencies. In addition to and not a limitation upon its suspension or termination rights, PURCHASER shall have the right to reject any unit train or Barge, should the quality of coal of that unit

6666

train or Barge show, by analysis, failure to comply with the rejection limits as set forth in Section 10.01. PURCHASER shall give prompt notice to SELLER of any rejection of unit trains or Barges hereunder. After notification by PURCHASER of a rejected unit train or Barge, SELLER shall not resume Shipments until coal quality has been corrected to PURCHASER's satisfaction. In the event that PURCHASER rejects any coal, SELLER shall immediately remove said coal from MPC's facilities or from transportation equipment at SELLER's expense and shall reimburse MPC and PURCHASER all its costs and expenses, including transportation cost, incurred in connection with the coal, all of which costs PURCHASER may deduct from any sum owed by PURCHASER to SELLER.

In the event that PURCHASER, at its sole discretion, accepts coal in which the "as received" analysis exceeds any rejection limit as set forth in Section 10.01, the following price adjustments shall apply:

Moisture Adjustment	- $3.00 per Ton for each one (1) percent or any fraction thereof
Ash Adjustment	- $3.00 per Ton for each one (1) percent or any fraction thereof
Btu Adjustment	- $2.00 per Ton for each 100 Btu's or fraction thereof

PURCHASER's election to accept coal that exceeds the rejection limits and receive an adjustment will not affect any other remedy under the Agreement, including PURCHASER's right to reject coal

667

shipped thereafter which exceeds the rejection limits as set forth in Section 10.01. Examples of the application of these quality adjustments are listed in Annex G.

12.04 Suspension and Termination of Agreement for Operational Considerations. PURCHASER shall have the right to suspend deliveries hereunder if it determines through its sole judgement that coal does not perform satisfactorily in MPC's generating plant because of operational considerations. Should such determination be made by PURCHASER, PURCHASER shall give SELLER written notice of such determination and suspension. SELLER may, upon a suspension, propose means to overcome the problem giving rise to such adverse effect. If within ninety (90) days after suspension of deliveries under this Section SELLER has been unable to propose an acceptable means to overcome the problem to PURCHASER's satisfaction, PURCHASER shall have the exclusive right to immediately terminate this Agreement.

13.01 Termination for Unremedied Default. In the event of the failure of either party to comply with any or all of their respective obligations in good faith as herein set forth, the party not in default shall have the right to terminate this Agreement at any time by giving to the other ninety (90) days notice in writing of its intention to do so and specifying the default. At the expiration of said ninety (90) days, unless the party in default shall have made good such default, the party not in default shall have the right at its election to terminate this

668

Agreement forthwith. This right shall be in addition to the rights provided to either party in other portions of this Agreement and by law.

13.02 Unilateral Termination Right. In addition to any other termination rights provided in this contract or at law, PURCHASER expressly reserves the right, upon sixty (60) days' prior written notice to SELLER, to unilaterally terminate this Agreement; provided, however, that PURCHASER shall pay to SELLER an amount equal to $5.00 per Ton, multiplied by the remaining number of Tons scheduled for delivery from the effective termination date herein through the then current date for termination. Said payment by PURCHASER to SELLER shall constitute SELLER's sole remedy against PURCHASER for any loss, cost, or damage incurred by SELLER as a result of PURCHASER's termination under this Agreement. PURCHASER shall have no further obligation or liability under this Agreement or at law except with respect to coal delivered prior to said termination date or as otherwise provided.

14.01 Force Majeure. "SELLER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of SELLER which wholly or in substantial part prevents the mining or delivery of coal. "PURCHASER's Force Majeure" as used herein shall mean a cause reasonably beyond the control of PURCHASER or MPC which wholly or in substantial part prevents the unloading, storing or burning of coal by MPC at its destination. Examples

6069

(without limitations) of force majeure are the following: acts of God; acts of the public enemy; insurrections; riots; strikes; labor disputes; work stoppages; fires; explosions; floods; electric power failures; breakdowns of or damage to generating or preparation plants; interruptions to or contingencies of transportation; embargoes; and orders or acts of civil authority (including, without limitation, a city or county ordinance, an act of a state legislature, an act of the United States Congress) or military authority; provided, however, for the purposes of this Agreement, force majeure shall not include, and SELLER shall not be excused from performance because of the development or existence of economic conditions which may adversely affect the anticipated profitability of the mining activities of SELLER hereunder, acts or omissions of SELLER which constitute mismanagement on the part of SELLER, or reduced productivity of labor employed by SELLER in its mining activity hereunder.

If because of PURCHASER's Force Majeure PURCHASER is unable to carry out its obligations under this Agreement, and if PURCHASER gives SELLER written notice of such force majeure, the obligations and liabilities of PURCHASER and the corresponding obligations of SELLER shall be suspended to the extent made necessary by and during the continuance of such PURCHASER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own

670

labor disputes, strikes, or terminate any of its own lockouts in its sole discretion).

If because of SELLER's Force Majeure SELLER is unable to carry out its obligations under this Agreement, and if SELLER gives PURCHASER written notice of such force majeure, the obligations and liabilities of SELLER and the corresponding obligations of PURCHASER shall be suspended to the extent made necessary by and during the continuance of such SELLER's Force Majeure; provided, however, that the disabling effects of such force majeure shall be eliminated as soon as and to the extent possible (except that either party may settle any of its own labor disputes, strikes, or terminate any of its own lockouts in its own sole discretion).

Upon elimination of any force majeure condition, PURCHASER may, at its sole option, elect to receive Tonnage not shipped during the force majeure period at a shipping rate to be determined by PURCHASER, but subject to SELLER's ability to perform. In the alternative, PURCHASER may, at its sole option, elect to have any Tonnage not delivered during the force majeure period reduce the total tonnage to be shipped, as provided for in this Agreement.

It is agreed that in the event that any valid act, law, ordinance, rule or regulation of a municipality, county, state or the United States government, or final judicial decision, judgement or order, is adopted or passed after the date of this

671

Agreement, which (a) directly prohibits the mining contemplated hereunder, or (b) imposes significant burdens or restrictions upon the burning or use of such coal by MPC to the extent that MPC is unable or would not be allowed to utilize such coal at Daniel Electric Generating Plant or would be allowed to utilize such coal only after the installation or substantial renovation of plant equipment, then the existence and implementation of such act, law, ordinance, rule, regulation, judgement or order shall constitute an instance of permanent force majeure whereupon this Agreement may be terminated by the party so affected.

Notwithstanding the provisions of this Section 14.01, if (a) a condition of force majeure occurs which causes the mutual obligations to be suspended as provided above with respect to the total quantity of coal to be supplied, and (b) such condition (alone or extended by other conditions of force majeure) continues so that the mutual obligations remain suspended for a period of six (6) months, and (c) at the end of said six (6) months or at any time thereafter, the party not claiming force majeure, in the exercise of reasonable judgement, concludes that there is little likelihood of ending the condition(s) in the immediate future, then the party not claiming force majeure may terminate this Agreement without liability to the other party by giving to the other ninety (90) days notice in writing of its intention to terminate.

672

15.01 Changes in Environmental Related Requirements.

The term "environmental related requirements," as used in this Agreement, means (i) any prohibition, restriction, or limitation related to the quality of coal which MPC may burn, including any constituent specification, at any or all of its electric generating plants, or to the type or amount of emissions from any or all such plants; (ii) any rule or requirements affecting the permissible means for complying with any such prohibition, restriction or limitation; and, (iii) any imposition of a cost, fee, tax or other economic burden on PURCHASER or MPC relating to any constituent specification of coal purchased by it, or to the type or amount of emissions from its electric generating plants. A "change" in environmental related requirements shall be deemed to have occurred if there is any increase or decrease in an environmental related requirement or imposition of a new environmental related requirement on PURCHASER or MPC as a result of any federal or state statute, local ordinance, administrative regulation or ruling, court order, or any revision in any interpretation or implementation thereof. It is recognized that a change in environmental related requirements upon PURCHASER or MPC may occur even though stated as a restriction or limitation on, or requirement of, MPC and its affiliates or some other group of utilities. It is further recognized that any change in environmental related requirements may affect MPC in a general way and may not be directed at

673

specific plants, fuels, fuel supplies or other operating conditions. In this event, PURCHASER or MPC shall, in their sole discretion, determine their strategy for compliance, and whether MPC's use of the coal to be supplied hereunder has been adversely impacted.

The price, specifications, quantity and destination of coal purchased hereunder is predicated on environmental related requirements in effect as of July 1, 1987. In the event and whenever after July 1, 1987, there is a change in environmental related requirements, PURCHASER shall determine whether such change has had or may have an adverse impact on MPC's use of the coal purchased hereunder. It is agreed that any change in environmental related requirements which imposes a fee, tax or other economic burden on PURCHASER or MPC relating to the constitutent specifications of coal purchased by it or on the type or amount of emissions from MPC's electric generating plants, or prevents MPC from utilizing the coal purchased hereunder in its electric generating plants, or requires MPC to install equipment (such as flue gas desulfurization equipment or particulate removal equipment) at one or more of its electric generating plants in order to comply with such change, or requires or permits MPC to utilize coal of a quality (including sulfur content) different from that specified in Section 10.01, shall be deemed to have an adverse impact on MPC's use of the coal purchased hereunder, even though the statute, regulation,

ruling or ordinance may allow MPC a choice of options for complying with such changed environmental related requirements (which choice may include the payment of a fee or tax in lieu of the installation of equipment or utilization of coal of different constituent specifications).

If PURCHASER determines that a change in environmental related requirements has had or may have an adverse impact on PURCHASER's or MPC's use of the coal purchased hereunder, PURCHASER shall so notify SELLER, and SELLER shall have the right, at its option, to propose any steps available to it, within thirty (30) days of PURCHASER's notification to SELLER, in its mining and processing of the coal, or in the supply of substitute coal, or in the reduction in the price of the coal, or other measure which would result in as low a delivered cost of fuel at MPC's electric generating plant as PURCHASER could achieve by purchasing reasonably available substitute fuel. In the event PURCHASER, in its sole discretion, determines that SELLER cannot achieve this result, then PURCHASER may terminate this Agreement upon ninety (90) days' written notice. PURCHASER shall have the right to give such notice either before or after the effect of a change in environmental related requirements.

16.01 Independent Contractor. This is an Agreement for the Sale and Purchase of coal. The parties recognize and agree that SELLER is not an agent or employee of PURCHASER but is independent of any managerial or other control or direction by

675

PURCHASER in its work hereunder, and is free to perform, by such means and in such manner as SELLER may choose, all work in pursuance of commitments hereunder.

17.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 18.01.

18.01 Assignments. Neither party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party (which consent shall not be unreasonably withheld), which consent shall not be required for SELLER to assign, pledge or hypothecate this Agreement purely for financing purposes and without relinquishing or in any way transferring its own performance obligations under this Agreement. Without assigning this Agreement or any rights or obligations hereunder and without relieving PURCHASER of any of its performance obligations hereunder, PURCHASER shall have the right to sell all or any portion of the coal under this Agreement at any time during the primary term or one or both extended terms. PURCHASER may, without consent of SELLER, assign all or any portion of this Agreement to any company within The Southern Electric System and may exercise its right to divert coal Shipments to other destinations under Section 6.01 without consent of SELLER.

19.01 Right of Inspection; Accounting. SELLER shall keep accurate books and records relating to the sale of coal to

676

PURCHASER hereunder in accordance with sound and accepted accounting principles and shall make such reports as have been specified or reasonably requested by PURCHASER. SELLER shall also preserve in an orderly manner the records supporting all charges and adjustments to the billing price hereunder and shall make such records available to PURCHASER, its accountants, auditor or other authorized representatives, who shall at all reasonable times be given access to and be permitted to examine such books and records after reasonable notification of its intent to inspect. In the event, upon audit, it is determined that claims made by SELLER for adjustments in price which were allowed to go into effect by PURCHASER were not properly calculated, adjustments shall be made promptly in billings hereunder for current coal deliveries to reflect proper amounts of such adjustments or if no billings are then due, payments reflecting the difference between the proper amounts determined by audit and the amounts paid shall be made, however, no such adjustment shall be made for coal delivered in excess of twenty-four (24) months prior to such audit.

19.02 Right of Inspection; Coal Property. PURCHASER or its designated agent, at its sole risk and expense, shall have the right at all times to enter upon the Coal Property, and/or other appropriate locations, announced or unannounced and to inspect and examine the method, equipment and manner of mining, producing, storing, washing, blending, crushing, loading,

677

unloading, transporting, sampling, weighing, analyzing, and other handling of coal to be sold and delivered under the Agreement, and to take samples of coal for PURCHASER's analyses. No inspection by PURCHASER shall be deemed as a waiver of any of PURCHASER's rights or relieve SELLER of any obligation of this Agreement.

20.01 Arbitration. In the event of any dispute, difference of opinion or controversy between the parties as to any question of fact, as opposed to any question of law, which may arise under this Agreement with respect to any of the following matters only: physical measurements involving the quantity, quality, weights, sampling and analysis of coal delivered, and also adjustments pursuant to Sections 4.02 through 4.06 and 4.09 through 4.11, either party shall have the right to request arbitration by giving written notice thereof to the other party. In such event each party agrees to appoint a competent and reasonable person skilled in the subject matter of the issue in dispute as an arbitrator. Should either party fail to appoint an arbitrator within ten (10) days after giving or receiving such written notice, an arbitrator for such party shall be appointed by the American Arbitration Association in accordance with the rules of the American Arbitration Association. If, within ten (10) days, the two arbitrators are unable to agree as to the determination of the questions submitted to them, they, within ten (10) days after such inability to agree becomes apparent, shall appoint a

third arbitrator and the decision of the majority shall be final and binding on the parties hereto as to such matters that are submitted and determined by the arbitrators. Should the two arbitrators be unable to agree within such ten (10) day period upon a third arbitrator, then upon the election of either SELLER or PURCHASER, such appointment shall be by the American Arbitration Association in accordance with the rules of the American Arbitration Association; such arbitrator or arbitrators to be competent persons skilled in the subject matter of the issue in dispute to make such determination. Five (5) days written notice of the application to the American Arbitration Association shall be given to the other party by the party making such application. The reasonable compensation of any arbitrators not in the employ of or designated by the respective parties and the cost of the arbitration shall be shared equally by the parties to this Agreement. In each instance the decision of a majority of the arbitrators shall be final and binding as to such matters as are submitted to and determined by them. During arbitration, and as a condition to such arbitration, the parties shall have full discovery rights as provided in the Federal Rules of Civil Procedure and as would be available to the parties if the matter were before a United States District Court. Any award or determination made by the arbitrators may, upon application of either party to the Federal District Court for the Southern

District of Mississippi, Southern Division, be reduced to judgement by such Court.

21.01 Waiver. The failure of either party to insist on strict performance of any provision of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or right.

22.01 Remedies Cumulative. Except as otherwise provided herein, remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

23.01 Notices. With the exception of SELLER's invoices or shipping notices as required by Section 7.01, any notice, request, protest, consent, demand, report or statement given by one party to the other shall be in writing and deemed duly received seventy-two (72) hours after it is deposited in the United States mail, by certified mail, postage prepaid, and properly addressed as follows:

(1) If the notice is to PURCHASER, to:

Vice President, Fuel Services
Southern Company Services, Inc.
P. O. Box 2625
BIN 852
Birmingham, AL 35202

with copy to:

Mississippi Power Company
Attention: Vice President - Bulk Power Resources
P. O. Box 4079
Gulfport, Mississippi 39502

(or to such other person or addresses as PURCHASER shall have designated in writing to SELLER).

(2) If the notice is to SELLER, to:

Howell Corporation
1010 Lamar Building
Suite 1800
Houston, Texas 77002
Attn: President

with copy to:

Lake Coal Co. of Kentucky, Inc.
P. O. Box 129
Roxana, Kentucky 41848
Attn: President

(or to such other person or address as SELLER shall have designated in writing to PURCHASER).

24.01 Agent for PURCHASER. Southern Company Services, Inc., an Alabama corporation, is hereby designated by PURCHASER as agent for PURCHASER to act for and on behalf of PURCHASER for the purpose of giving or receiving any notice, demand or request required or authorized by this Agreement, for the purpose of designating the quantity, size, destination and routing of Shipments to be made from time to time to PURCHASER hereunder, and for such other purposes as may from time to time be designated by PURCHASER.

25.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

26.01 Applicable Law. All questions concerning the execution, construction, performance, breach or enforcement of this Agreement shall be construed under the substantive laws of

the State of Mississippi and not just the Mississippi laws regarding conflicts of laws.

26.02 Compliance with Laws and Regulations. In connection with the performance of this Agreement, PURCHASER and SELLER agrees to comply in all material respects with governmental laws and regulations including those set forth in Annex J, attached hereto.

27.01 Entire Agreement. This instrument contains the entire Agreement between the parties, and there are no representations, understandings or agreements, oral or written, which are not included herein. This Agreement cannot be changed except by duly authorized representatives of both parties in writing.

28.01 Confidential and Proprietary Information. The terms and conditions (including prices) set forth in this Agreement are considered by both PURCHASER and SELLER to be confidential and proprietary information and neither party shall disclose any such information to any third party without advance written consent of the other (which consent shall not be unreasonably withheld) except where such disclosure may be required by law, regulation or regulatory agencies having jurisdiction over SELLER or PURCHASER or in connection with assertion of a claim or defense in judicial or administrative proceedings involving the parties hereto, in which event the party to make such disclosure shall

advise the other in advance and cooperate to the extent practicable to minimize the disclosure of any such information.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, on the date indicated by their signatures.

ATTEST:

P. M. Howell
SECRETARY

PURCHASER

James G. Barker
President

Date Executed Nov. 11, 1987

ATTEST:

Steven K. Howell

SELLER

Doris E. Smith
Its President

Date Executed Nov. 5, 1987

ANNEX A
(Reference to Section 2.01,

COAL PROPERTY

GENERAL LOCATION AND DESCRIPTION

The offices of Lake Coal Co., Inc. and the area of general operations is located at Roxana, Kentucky in the south-western portion of Letcher County. This area lies within the Cumberland Plateau section of the Appalachian Coal Province and is distinguished by the Pine Mountain fault. This fault forms the southern boundary for the reserve base controlled by Lake Coal Co.

The operations area and reserve base have been divided into six (6) areas, with the preparation plant being located within Area I. A summary of each operations area, as well as the preparation plant follows:

Preparation Plant and Loadout Facilities:

The preparation plant is a heavy media facility designed and constructed by Roberts and Schaefer in 1982. The plant has a raw feed of three hundred (300) tons per hour, with a total daily input of four thousand and eight hundred tons (4,800) tons. The refuse fill associated with the prep plant is located immediately east of the plant in Oldhouse Branch. The life expectancy of the refuse fill was designed for thirty (30) years of production, and at this time, has been approximately fifteen (15%) percent completed.

Both the preparation plant and the refuse fill are located on properties owned by Lake Coal Co., Inc.

Area I:

This area includes the preparation plant and refuse fill, as well as coal properties in the area north of the company office. The reserves within this area are primarily controlled by leases from Kentucky River Coal Corp. of Lexington, Kentucky and contains a total acreage of 2,420.15 acres. A small tract within this area is owned by Mr. Jim Hogg and is under lease to Lake Coal Co. Also included are the properties owned by Lake Coal (377.42 acres).

Active operations are being conducted in this area at the Oldhouse Branch No.4 mine. This underground operation began in July of 1987 and is located in the Hazard No.4 (FireClay) Coal Seam.

Additionally, there is surface mineable coal in the Hazard No. 4 and Hazard No. 4 Rider seams.

Area II:

Area II is situated to the northeast of the company office and is controlled through leases from K.R.C.C. The leased acreage is 866.15 acres.

A contract miner, Jaybird Energy, Inc., has been mining the Hazard No.4 (FireClay) Coal Seam since 1984.

Area III:

Area III lies east of the company office and is bounded by Kentucky Highway 15 on the eastern edge of the property. Surface and underground mining of the Hazard No.4 and No.4 Rider (Fireclay and Fireclay Rider, respectively) coal seams has occured, though there are no active mines within this area at this time.

This property, as Areas I and II, is controlled through leases from Kentucky River Coal Corp for a total of 2,631.82 acres.

Area IV:

Area IV is located east/southeast of the company office in the Kingdom Come area. Currently there are three (3) active underground mines in this area. Two of these mines are located in the Hazard No.4 Rider (Fireclay Rider) coal seam, while the third is in the Hazard No.4 (Fireclay) coal seam. The mines in the Rider coal seam are company owned mines which began production in August, 1987. The No. 4 mine is operated by a contractor and began production in March, 1987.

The bulk of the properties contained in this area are owned by K.R.C.C., with small tracts being owned by Virginia Iron Coal & Coke, the Boyd Banks Heirs, and the Ruby Collins Heirs. All of these properties are controlled by Lake Coal Co. through leases totaling 2,716.55 acres.

6860

Area V:

The location of Area V is southeast of the company office along King's Creek. Lucky Branch Coal Co., a contract miner, is producing coal from a Hazard No.4 (FireClay) underground mine. Production from this mine started in 1977. Additionally, two other mines in the area are permitted and can begin production on one months notice.

Ownership of the leased properties is by K.R.C.C. and V.I.C.C., with 5,739.35 acres being controlled.

Area VI:

Area VI lies south and southwest of the company office roughly bounded by Line Fork and the North Fork of the Kentucky River. A contract miner, Roxana Coal Co., is currently mining the Hazard No.4 (Fireclay) coal seam. This operation began in May, 1984. Additionally, three other mine sites are available. Two of these sites are inactive though production can be resumed on short notice. The third site has been prepared and will require approximately one month for start up.

Additionally, surface mineable coal exists in the Hazard No. 4 and Hazard No. 4 Rider seams.

The primary mineral ownership of this area is by K.R.C.C. and V.I.C.C., though individual tracts are owned by the Cornetts Vernon Ison, and the Burkich family. The leased acreage is 9,303.61.

Following this page are exhibits showing by area the lease tract number, tract ownership, and leased acreage. Maps showing specific locations of the leases follow these tables.

LEASES - AREA I

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	337A	M. Frazier	Fee.	141.25
K.R.C.C.	340	J. Frazier	Min.	202.71
K.R.C.C.	341	J. Frazier	Min.	8.29
K.R.C.C.	341	J. Frazier	Min.	312.20
K.R.C.C.	360	G. Hogg	Min.	509.06
K.R.C.C.	362	J. Lewis	Min.	75.33
K.R.C.C.	362	J. Lewis	Fee.	64.25
K.R.C.C.	362	J. Lewis	Min.	367.88
K.R.C.C.	363	H. Caudill	Min.	8.46
K.R.C.C.	366-1	J. Eldridge	Min.	15.48
K.R.C.C.	366-1	L. Day	Min.	7.17
K.R.C.C.	366-1	J. Dixon	Min.	8.60
K.R.C.C.	366-1	Callahan& Whit.	Min.	22.10
K.R.C.C.	537	J. Eldridge	Min.	242.32
Lake Coal	341	J. Frazier	Sur.	312.20
Lake Coal	341	J. Frazier	Sur.	8.29
Lake Coal		J. Hogg	Sur.	56.93
V.I.C.C.	LT-52	M. Ison	Min.	41.27
PLM	06	J. Hogg	Min.	16.36
Total K.R.C.C. Leases				1,985.10
Total V.I.C.C. Leases				41.27
Total Lake (Surface)				377.42
Total Private Leases				16.36
Total Controlled Acreage				2,420.15

LEASES - AREA II

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	425	J. Ison	Min.	25.61
K.R.C.C.	425	J. Ison	Min.	111.39
K.R.C.C.	426	J. Banks	Fee.	101.24
K.R.C.C.	427	J. Adams	Min.	602.88
K.R.C.C.	428	S. Adams	Min.	25.03
Total K.R.C.C. Leases				866.15
Total Controlled Acreage				866.15

LEASES - AREA III

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	303	H. Cornett	Min.	173.00
K.R.C.C.	303	D. Mullins	Min.	239.00
K.R.C.C.	313-314	J. Brown	Min.	165.45
K.R.C.C.	321A	M. Marlow	Min.	80.03
K.R.C.C.	321A	M. Marlow	Min.	175.65
K.R.C.C.	335	J. Frazier	Min.	94.34
K.R.C.C.	337	J. Frazier	Fee.	78.31
K.R.C.C.	337	J. Frazier	Min.	246.28
K.R.C.C.	338	H. Frazier	Min.	179.21
K.R.C.C.	343	R. Combs	Min.	47.20
K.R.C.C.	343-1	J. Frazier	Min.	28.80
K.R.C.C.	345-1	W. Combs	Min.	47.00
K.R.C.C.	351	A. Webb	Min.	166.98
K.R.C.C.	352	J. Caudill	Min.	74.96
K.R.C.C.	353	J. Ison	Min.	58.14
K.R.C.C.	353	J. Ison	Fee.	29.67
K.R.C.C.	354	Z. Ison	Fee.	35.39
K.R.C.C.	354	Z. Ison	Min.	136.63
K.R.C.C.	355	L. Akeman	Min.	157.56
K.R.C.C.	356	A. Frazier	Fee.	71.87
K.R.C.C.	356	A. Frazier	Min.	62.92
K.R.C.C.	356A	M. Eldridge	Min.	25.19
K.R.C.C.	359	H. Ison	Min.	248.04
K.R.C.C.	538	S. Frazier	Min.	10.20
Total K.R.C.C. Leases				2,631.82
Total Controlled Acreage				2,631.82

LEASES - AREA IV

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	223	K.R.C.C	Min.	3.74
K.R.C.C.	N01	W. Brown	Min.	263.85
K.R.C.C.	N02	L. Ison	Min.	310.26
K.R.C.C.	N03	Noble Coal Co.	Min.	215.03
K.R.C.C.	N04	L. Collins	Min.	61.45
K.R.C.C.	N05	J.H. Frazier #6	Min.	2.66
K.R.C.C.	N06	J. Caudill	Min.	94.56
K.R.C.C.	N07	W. Hampton	Min.	60.27
K.R.C.C.	N08	Hampton #1	Min.	28.79
K.R.C.C.	N09	S. Hampton	Min.	19.22
K.R.C.C.	N10	Boggs	Min.	4.04
K.R.C.C.	N14	Mclure & Lewis	Min.	6.16
K.R.C.C.	S221	K.R.C.C.	Min.	66.50
K.R.C.C.	S224	M. Ison	Min.	149.23
K.R.C.C.	S240	L. Akeman	Min.	97.56
K.R.C.C.	S244	W. Caudill	Min.	25.46
K.R.C.C.	S245	W. Caudill II	Min.	7.22
K.R.C.C.	S246	W. & J. Caudill	Fee.	20.58
K.R.C.C.	S247	K.R.C.C.	Min.	35.53
K.R.C.C.	S248	K.R.C.C.	Min.	59.67
K.R.C.C.	S250	E. Isom 1A	Fee.	116.02
K.R.C.C.	S250	E. Isom 1A	Min.	12.00
K.R.C.C.	S250A	M. Young	Fee.	5.24
K.R.C.C.	S250A	M. Young	Min.	1.68
K.R.C.C.	S251	E. Isom #1B	Min.	17.11
K.R.C.C.	S251	E. Isom #1B	Fee.	24.04
K.R.C.C.	S252	E. Isom #3	Fee.	29.95
K.R.C.C.	S252	E. Isom #3	Min.	42.42
K.R.C.C.	S253	E. Isom #4	Fee.	21.93
K.R.C.C.	S253	E. Isom #4	Min.	3.87
K.R.C.C.	S254	M.D.Co. #8	Fee.	75.55
K.R.C.C.	S255	M.D.Co. #9	Fee.	43.96
K.R.C.C.	S256	E. Blair	Min.	107.23
K.R.C.C.	S257	J. Lewis #40	Min.	54.14
K.R.C.C.	S258	W. Adams #1	Min.	52.56
K.R.C.C.	S259	W. Adams #2	Min.	38.19
K.R.C.C.	S260	J. Adams #1	Min.	35.05
K.R.C.C.	S261	J.P. Adams #2	Min.	111.22
K.R.C.C.	S265	W. Adams #5	Min.	106.82
V.I.C.C.	LT-08	D. Caudill	Min.	53.96
V.I.C.C.	LT-51	J. Isom	Min.	97.33
PLM	07	B. Banks	Min.	89.67
PLM	08	R. Collins	Min.	44.83
Total K.R.C.C. Leases				2,430.76
Total V.I.C.C. Leases				151.29
Total Private Leases				134.50
Total Controlled Acreage				2,716.55

LEASES - AREA V

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	356B	V. Frazier Heir	Fee.	34.68
K.R.C.C.	N11	Noble coal	Min.	75.73
K.R.C.C.	N12	Noble Coal	Min.	99.41
K.R.C.C.	N12A	Noble Coal	Min.	11.00
K.R.C.C.	N15	Noble Coal	Min.	37.04
K.R.C.C.	S176	J. Lewis	Min.	74.73
K.R.C.C.	S176	J. Lewis	Fee.	57.85
K.R.C.C.	S177	J. Fields	Sur.	7.75
K.R.C.C.	S178	M.D.Co.	Sur.	0.06
K.R.C.C.	S178	M.D.Co.	Fee.	5.79
K.R.C.C.	S179	M. Fields	Fee.	49.27
K.R.C.C.	S180	J. Lewis #28	Min.	15.14
K.R.C.C.	S181	A. Fields	Min.	309.44
K.R.C.C.	S183	B. Frazier	Min.	12.97
K.R.C.C.	S188	J. Lewis	Min.	32.7
K.R.C.C.	S189	S. Caudill	Min.	1.22
K.R.C.C.	S189	S. Caudill	Fee.	152.83
K.R.C.C.	S189	S. Caudill	Sur.	89.63
K.R.C.C.	S190	J. Lewis	Fee.	28.76
K.R.C.C.	S191	J. Lewis #15	Fee.	78.94
K.R.C.C.	S192	J. Lewis #16	Min.	113.73
K.R.C.C.	S193	J. Lewis #17	Fee.	1.46
K.R.C.C.	S193	J. Lewis #17	Min.	56.30
K.R.C.C.	S194	J. Lewis #18	Fee.	104.05
K.R.C.C.	S195	S. Gilley	Min.	87.35
K.R.C.C.	S195	S. Gilley	Fee.	83.35
K.R.C.C.	S196	J. Lewis #19	Sur.	6.39
K.R.C.C.	S196	J. Lewis #19	Fee.	137.59
K.R.C.C.	S197	M.D.Co.	Fee.	15.29
K.R.C.C.	S198	Swift Coal	Min.	9.47
K.R.C.C.	S198	Swift Coal	Min.	2.27
K.R.C.C.	S199	J. Lewis #21-25	Fee.	85.50
K.R.C.C.	S200	J. Lewis	Sur.	22.26
K.R.C.C.	S202	J. Lewis #25	Sur.	1.39
K.R.C.C.	S203	J. Lewis #22	Min.	44.66
K.R.C.C.	S205	I. Boggs	Min.	15.59
K.R.C.C.	S205	I. Boggs	Fee.	30.69
K.R.C.C.	S206	M.D.Co.	Fee.	25.71
K.R.C.C.	S207	M.D.Co.	Fee.	19.43
K.R.C.C.	S208	J. Lewis #23	Sur.	3.78
K.R.C.C.	S209	J. Lewis #24	Min.	59.01
K.R.C.C.	S210	J. Lewis #26	Sur.	90.94
K.R.C.C.	S211	J. Lewis #27	Min.	129.36

LEASES - AREA V

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	S219	M.D.Co. #6-7	Fee.	33.75
K.R.C.C.	S220	J. Frazier	Min.	233.80
K.R.C.C.	S221	H. Ison	Min.	164.06
K.R.C.C.	S225	E. Ison #2	Min.	321.75
K.R.C.C.	S226	J. Lewis #39A	Min.	71.05
K.R.C.C.	S227	J. Lewis	Min.	45.11
K.R.C.C.	S228	J. Frazier	Min.	82.00
K.R.C.C.	S229	J. Frazier	Min.	71.81
K.R.C.C.	S230	G. Grazier	Min.	84.48
K.R.C.C.	S231	J. Frazier	Min.	2.22
K.R.C.C.	S232	J. Frazier #1	Min.	241.31
K.R.C.C.	S233	C. Jones	Min.	25.45
K.R.C.C.	S234	H. Frazier	Min.	55.83
K.R.C.C.	S235	B. Frazier #2	Min.	437.43
V.I.C.C.	LT-03	C. Burton	Min.	173.85
V.I.C.C.	LT-19	D. Fields	Min.	23.42
V.I.C.C.	LT-20	D. Fields	Min.	112.00
V.I.C.C.	LT-21	D. Fields	Min.	111.50
V.I.C.C.	LT-22	D. Fields	Min.	35.69
V.I.C.C.	LT-23	L. Fields	Min.	146.68
V.I.C.C.	LT-26	M. Fields	Min.	35.11
V.I.C.C.	LT-31	K. Hogg	Min.	230.66
V.I.C.C.	LT-32	S. Hogg	Min.	446.08
Lake		J. Frazier	Sur.	233.80
Total K.R.C.C. Leases				4,190.56
Total V.I.C.C. Leases				1,314.99
Total Lake Surface				233.80
Total Controlled Acreage				5,739.35

OUTSIDE SOURCES OF COAL

We have the following coal producers available that can be utilized on an as-needed basis.

Company	Seam (U-underground S-surface)
W & P Coal Co.	Upper Taggert (U)
Coal Mole	Hazard No. 4 (U)
J & J Coal	Hazard No. 4 (U)
No. 8 LTD of VA.	Hazard No. 4 & 4 Rider (S)
Big Oak	Hazard No. 4 & 4 Rider (U)

CONTROLLED ACREAGE SUMMARY

AREA NUMBER	K.R.C.C.	V.I.C.C.	LAKE COAL	PRIVATE LEASES
I	1,985.10	41.27	377.42	16.36
II	866.15	0.00	0.00	0.00
III	2,631.82	0.00	0.00	0.00
IV	2,430.76	151.29	0.00	134.50
V	4,190.56	1,314.99	233.80	0.00
VI	635.51	8,156.41	0.00	511.69
Totals	12,739.90	9,663.96	611.22	662.55

TOTAL CONTROLLED ACREAGE 23,677.63

LEASES - AREA VI

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
V.I.C.C.	LT-56	G. Mitchell	Min.	106.61
V.I.C.C.	LT-57	H. Mitchell	Min.	90.58
V.I.C.C.	LT-58	H. Mitchell	Min.	331.64
V.I.C.C.	LT-62	J. Roark	Min.	140.91
V.I.C.C.	LT-63	A. Stamper	Min.	22.85
V.I.C.C.	LT-64	A. Stamper	Min.	341.80
V.I.C.C.	LT-65	S. Standifer	Min.	78.15
V.I.C.C.	LT-66	B. Isom	Min.	19.05
V.I.C.C.	LT-67	J. Watts	Min.	162.63
V.I.C.C.	LT-68	J. Watts	Min.	76.90
V.I.C.C.	LT-69	T. Watts	Min.	378.82
V.I.C.C.	LT-70	T. Watts	Min.	97.33
V.I.C.C.	LT-74	G. Whitaker	Min.	30.34
V.I.C.C.	LT-75	G. Whitaker	Min.	149.78
V.I.C.C.	LT-76	W. Whitaker	Min.	255.47
PML	01	Burkick	Fee.	68.32
PML	02	V. Ison	Fee.	22.77
PML	03	B. Isom	Fee.	183.61
PML	04	B. Roark	Fee.	124.54
PML	05	J. Cornett	Fee.	112.45

Total K.R.C.C. Leases	635.51
Total V.I.C.C. Leases	8,156.41
Total Private Leases	511.69
Total Controlled Acreage	9,303.61

LEASES - AREA VI

TRACT OWNER	TRACT NUMBER	COMPANY DESCRIPTION	LEASE TYPE	ACREAGE
K.R.C.C.	S089	D. Ison	Min.	145.87
K.R.C.C.	S134	J. Akeman	Min.	5.46
K.R.C.C.	S135	J. Lewis	Fee.	18.95
K.R.C.C.	S138	J. Lewis	Min.	16.42
K.R.C.C.	S139	J. Lewis	Fee.	54.58
K.R.C.C.	S141	Whitaker&Lewis	Fee.	24.74
K.R.C.C.	S142	Whitaker	Min.	22.96
K.R.C.C.	S143	J. Ison (2)	Fee.	160.92
K.R.C.C.	S143	J. Ison (2)	Min.	0.83
K.R.C.C.	S144A	J. Ison	Min.	33.63
K.R.C.C.	S145	Altoona	Fee.	19.50
K.R.C.C.	S146A	Altoona	Fee.	1.31
K.R.C.C.	S147	J. Lewis	Min.	28.10
K.R.C.C.	S168	Altoona	Fee.	102.24
V.I.C.C.	LT-02	J. Ackeman	Min.	197.12
V.I.C.C.	LT-04	J. Boggs	Min.	58.30
V.I.C.C.	LT-05	H. Branson	Min.	103.99
V.I.C.C.	LT-06	J. Brashear	Min.	753.00
V.I.C.C.	LT-07	C. Caudill	Fee.	59.00
V.I.C.C.	LT-09	W. Caudill	Min.	667.94
V.I.C.C.	LT-10	W. Caudill	Min.	157.79
V.I.C.C.	LT-13	F. Cornett	Min.	90.98
V.I.C.C.	LT-14	J. Cornett	Min.	185.60
V.I.C.C.	LT-18	D. Fields	Min.	78.21
V.I.C.C.	LT-19	D. Fields	Min.	47.68
V.I.C.C.	LT-27	J. Godsey	Min.	75.43
V.I.C.C.	LT-28	S. Griffy	Min.	42.28
V.I.C.C.	LT-29	G. Hogg	Min.	100.00
V.I.C.C.	LT-32	S. Hogg	Min.	112.44
V.I.C.C.	LT-36	D. Ingram	Min.	340.24
V.I.C.C.	LT-37	H. Ingram	Min.	46.41
V.I.C.C.	LT-38	G. Ingram	Min.	75.67
V.I.C.C.	LT-39	C. Isom	Min.	408.91
V.I.C.C.	LT-40	G. Isom	Min.	256.12
V.I.C.C.	LT-42	G. Isom	Min.	73.34
V.I.C.C.	LT-44	I. Isom	Fee.	133.12
V.I.C.C.	LT-45	I. Isom	Min.	137.67
V.I.C.C.	LT-46	J. Isom	Min.	178.02
V.I.C.C.	LT-47	J. Isom	Min.	25.09
V.I.C.C.	LT-48	J. Isom	Min.	14.26
V.I.C.C.	LT-49	J. Isom	Min.	198.61
V.I.C.C.	LT-50	J. Isom	Min.	183.46
V.I.C.C.	LT-52	M. Isom	Min.	1,013.83
V.I.C.C.	LT-54	J. Lewis	Min.	51.65
V.I.C.C.	LT-55	J. Lusk	Fee.	3.78
V.I.C.C.	LT-55	J. Lusk	Min.	3.61

ANNEX B
(REFERENCE TO SECTION 4.01)
BASE PRICE COMPONENT VALUES AS OF OCTOBER 1, 1988

Contract Section	Description	Per Ton
4.03	Labor Cost	$ 5.55
4.04	Materials & Supplies	$ 9.09
4.05	Other Cost	$ 4.80
4.07*	Unescalated Portion	$ 5.81
	Total Base Price Per Ton	$25.25

*All costs of government imposition are included in the unescalated portion of the base price.

ANNEX C
(REFERENCE TO SECTION 4.03)

LABOR

COMPUTATION OF ADJUSTMENT FOR CHANGES IN LABOR COSTS COMPONENT

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the SIC Code 11, 12 Coal Mining, Average Hourly Earnings.

DESCRIPTION	HYPOTHETICAL BASE INDEX July 1988	HYPOTHETICAL INDEX November 1988
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.58

$$\text{Percentage Increase: } \frac{\$15.58 - \$15.33}{\$15.33} = 1.6\%$$

Increase in labor component of base price:

1.6% x $5.55 = $0.09

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$.09
Less Previous Adjustment	.00
Adjustment Effective 1/1/89	$.09 per ton

ANNEX C
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX July 1988	HYPOTHETICAL INDEX May 1989
SIC Code 11, 12 Coal Mining, Average Hourly Earnings	$15.33	$15.70

Percentage Increase: $\frac{\$15.70 - \$15.33}{\$15.33} = 2.4\%$

Increase in Labor Costs of base price:

2.4% x $5.55 = $0.13

Adjustment to be added to the Billing Price effective July 1, 1989:

Cumulative Adjustment	$.13
Less Previous Adjustment	.09
Adjustment Effective 7/1/89	$.04 per ton

NOTE: The index values to be used are those first published.

[illegible]

Computation of Adjustment for Change in Materials and Supplies Component

NOTE: Figures used are for hypothetical and illustration purposes only and are not meant to predict actual changes in the composite index values.

BLS Code	Classification	Index Weight	Hypothetical Base Index July 1988	Hypothetical Base Weighted Index	Hypothetical Index for November 1988	Hypothetical Weighted Index for November 1988
0543	Industrial Power - Regional	7.00	481.0	33.7	487.0	34.1
057	Petroleum Products - Refined	13.0	409.1	53.2	411.3	53.5
0679-02	Explosives	4.0	312.3	12.5	310.1	12.4
1081-02	Externally Threaded Fasteners - (Excluding Aircraft)	44.0	281.0	123.6	280.0	123.2
081	Lumber	16.0	355.9	64.1	353.1	63.6
1192	Mining Machinery and Equipment	14.0	375.6	52.6	377.1	52.8
	Composite Index Numbers	100%		339.1		339.6

Percentage Increase: $\frac{339.6 - 339.7}{339.7} = 0.0\%$

Increase in Materials and Supplies Component of Base Price:

0.0% x 99.09 = 0.00

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$ .00
Previous Adjustment	.00
	$ .00

Adjustment Effective 1/01/89

[illegible]

BLS Code	Classification	Index Weight	Hypothetical Base Index	Hypothetical Revised Index	Hypothetical Index for February 1982	Hypothetical Weighted Index for February 1982
[illegible]	Industrial Power - Residual	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Petroleum Products - Natural	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Explosives	4.0	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Laboratory Chemicals For Sales (Excluding Agricultural)	44.0	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Loaders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Mining Machinery and Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Composite Index Number	[illegible]		[illegible]		[illegible]

103

[illegible] - 139.7

Percentage Increase: [illegible] = 1.4

139.7

Increase in Materials and Supplies Component of Base Price:

1.4% x $7.07 = $.11

Adjustment to be added to the Bidding Price effective April 1, [illegible]:

Cumulative Adjustment	$ .11
Previous Adjustment	.00
Adjustment Effective [illegible]	$ .11

[illegible]

ANNEX E
(REFERENCE TO SECTION 4.05 OTHER COSTS)

COMPUTATION OF ADJUSTMENT FOR CHANGE IN OTHER COSTS

NOTE: Figures used are hypothetical and for illustration purposes only and are not meant to predict actual changes in the GNP Implicit Price Deflator Index.

DESCRIPTION	HYPOTHETICAL BASE INDEX 2ND QTR. 1988	HYPOTHETICAL INDEX 3RD QTR. 1988
Gross National Product Implicit Price Deflator	114.2	115.0

Percentage Increase: $\frac{115.0 - 114.2}{114.2} = .7\%$

Increase (decrease) in Other Costs:

.7% x $4.80 = $.03

Adjustment to be added to the Billing Price effective January 1, 1989:

Cumulative Adjustment	$ .03
Previous Adjustment	.00
Adjustment Effective 1/1/89	$ .03

NOTE: The preliminary index values are to be used.

ANNEX E
(continued)

DESCRIPTION	HYPOTHETICAL BASE INDEX 2ND QTR. 1988	HYPOTHETICAL INDEX 4TH QTR. 1988
Gross National Product Implicit Price Deflator	114.2	116.0

Percentage Increase: $\frac{116.0 - 114.2}{114.2} = 1.6\%$

Increase (decrease) in Other Costs:

1.6% x $4.80 = $.08

Adjustment to be added to the Billing Price effective April 1, 1969:

Cumulative Adjustment	$.08
Previous Adjustment	.03
Adjustment effective 04/1/89	$.05

NOTE: The preliminary index values are to be used.

ANNEX F
(REFERENCE TO SECTION 4.09)
COMPUTATION OF CALORIFIC VALUE ADJUSTMENT

The adjustment to the amount per ton to be paid by PURCHASER for coal unloaded in each month for which the calorific value of such coal is greater than or is less than 12,800 Btu per pound is calculated as follows:

Assume:

1. The monthly weighted average "as received" calorific value equals (a) 13,000 Btu per pound and (b) 12,500 Btu per pound.

2. The Base Price as stated in Section 4.01 as adjusted pursuant to Sections 4.03 through 4.07 = $30.00 per ton.

3. The total Government Imposition Cost in effect on the date of shipment pursuant to Section 4.06 = $1.25 per ton (base amount) + $.30 per ton (adjustments) = $1.55 per ton.

Example of Calculation

(a) 13,000 Btu per pound

1. $$\frac{13{,}000\ (\$30.00 - \$1.55)}{12{,}800} = \$28.89$$

2. $28.89 - ($30.00 - $1.55) =
$.44 Per Ton Calorific Value Adjustment

ANNEX F
(continued)

(b) 12,500 Btu per pound

1. $$\frac{12{,}500\ (\$30.00 - \$1.55)}{12{,}800} = \$27.78$$

2. $27.78 - ($30.00 - $1.55) =
($.67) Per Ton Calorific Value Adjustment

Therefore, in case (a) 13,000 Btu per pound, the Calorific Value Adjustment would be $.44 per ton for the subject month, and in case (b) 12,500 Btu per pound, such Calorific Value Adjustment would be ($.67) per ton for the subject month.

ANNEX G
(REFERENCE TO SECTION 12.03)
COMPUTATION OF REJECTION ADJUSTMENTS

This is to adjust the amount per ton to be paid by Purchaser for coal unloaded which exceeds the rejection limits as set forth in Section 10.01.

Rejection Adjustment Provisions

Moisture Content (%)	Moisture Adjustment	Ash Content (%)	Ash Adjustment
10.50 - 11.49	$ 3.00/ton	11.00 - 11.99	$ 3.00/ton
11.50 - 12.49	$ 6.00/ton	12.00 - 12.99	$ 6.00/ton
12.50 - 13.49	$ 9.00/ton	13.00 - 13.99	$ 9.00/ton
13.50 - 14.49	$12.00/ton	14.00 - 14.99	$12.00/ton
etc.	etc.	etc.	etc.

Btu Content	Btu Adjustment
11,800 - 11,701	$2.00/ton
11,700 - 11,601	$4.00/ton
11,600 - 11,501	$6.00/ton
11,500 - 11.401	$8.00/ton
etc.	etc.

Example of rejection adjustments

For Illustration Only

Assume an "as received" analysis of the following:

12.17% Moisture
11.56% Ash
11,758 Btu

$ 6.00/ton Moisture rejection adjustment
$ 3.00/ton Ash rejection adjustment
$ 2.00/ton Btu

$11.00/ton Total rejection adjustment

ANNEX H
(REFERENCE TO SECTION 11.01)
COAL SAMPLE PREPARATION AND ANALYSIS
LABORATORY PROCEDURES

A. AIR DRYING - LABORATORY SAMPLE:

An empty non-corroding pan with sides not more than 1.5 inches high shall be weighed to the nearest 0.1 gram and the weight recorded as W1. The entire U.S. No. 8 coal sample (including polyethylene bag and pan) shall be weighed on a laboratory balance to the nearest 0.1 gram and the weight recorded as W2. The coal shall be spread out to a depth of not more than one inch in the pan. The pan with the coal and the polyethylene sample bag shall be placed in an air-drying oven at no more than 15 degrees C (27 degrees F) above room temperature, not to exceed 40 degrees C (104 degrees F). The polyethylene bag shall be placed next to the pan containing the coal. Air drying shall be continued for a predetermined time necessary to achieve a loss in weight of no more than 0.1 percent per hour. Air shall be circulated through the oven for at least two hours with the heat turned off to insure that the coal sample is in equilibrium with the air in the room where further weighing and sample preparation shall be done. The air-dried coal plus polyethylene bag and pan shall be weighed to the nearest 0.1 gram and the weight recorded as W3. Any coal remaining in the sample bag shall be removed and added to the sample in the pan. The pan plus the air-dried coal shall be weighed to the nearest 0.1 gram and the weight recorded as W4. The percent air-drying loss is calculated as follows:

$$\text{Percent Air Drying Loss} = \frac{W2 - W3}{W2 - (W1 + (W3 - W4)} \times 100$$

Where: W1 = Weight of empty pan

W2 = Weight of the wet coal sample plus bag plus pan

W3 = Weight of the air-dried coal sample plus bag plus pan

W4 = Weight of the air-dried coal sample plus pan only

B. RESIDUAL MOISTURE

Immediately after obtaining the final air-dried weight, the sample shall be mixed thoroughly by stirring. A residual moisture sample of 75 plus or minus 25 grams shall be obtained by taking a sufficient number (20 to 30) of small increments in a matrix pattern from the air-dried U.S. No. 8 coal spread out over the pan. This sample shall be placed in a clean, dry, airtight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. After mixing, the residual moisture in the air-dried U.S. No. 8 coal shall be promptly determined. An aluminum pan (approximately 75 mm in diameter and 19mm in height) with a tight fitting cover, both of which have been previously dried and cooled in a desiccator, shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W1. Approximately 10 grams of coal shall be placed in the tared aluminum pan. The sample and pan (including the cover) shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The pan (with cover removed) containing the sample along with the cover shall be dried in a box type, forced-air oven maintained at a temperature of 107 plus or minus 3 degrees C for a period of one and one-half hours. After heating, the cover shall be placed on the sample pan, the covered pan with sample shall be removed from the oven and placed in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes. The pan containing the sample shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W3. The percent residual moisture in the U.S. No. 8 coal is calculated as follows:

$$\text{Percent Residual Moisture in U.S. No. 8 Coal} = \frac{W2 - W3}{W2 - W1} \times 100$$

Where: W1 = Tare weight of aluminum pan and cover

W2 = Weight of the wet coal sample plus pan and cover

W3 = Weight of dried coal sample plus pan and cover

C. TOTAL MOISTURE CALCULATION

Percent Total Moisture =

$$\frac{(100 - \%\ \text{Air Drying Loss}) \times (\%\ \text{Resid. Moisture})}{100} + \text{Air Drying Loss}$$

D. PULVERIZING - SIZE REDUCTION U.S. NO. 8 TO U.S. NO. 60

The entire air-dried sample remaining after the residual moisture sample is removed shall be transferred to an enclosed pulverizer (Holmes design or equivalent) and reduced to approximately U.S. No. 60. After the sample is pulverized, the front of the pulverizer shall be opened and all sample particles from inside and underneath the pulverizer screens shall be brushed into the pulverizer pan.

E. QUANTITY REDUCTION - LABORATORY ANALYSIS SAMPLE

Immediately after pulverizing, the sample shall be divided to not less than 50 grams by riffling, using a totally enclosed riffle with 24 three-eights inch divisions. The sample weighing not less than 50 grams shall be passed through on a U.S. No. 60 sieve; any oversize retained on the sieve shall be reduced with a agate mortar and pestle to pass the 60 mesh sieve and added to the sample. The sample shall be quickly placed in a clean, dry, air-tight bottle of such size that the sample occupies 1/2 to 2/3 the volume of the bottle. The bottle shall also contain several jack rocks to facilitate mixing. The bottle shall then be placed on a mixing wheel and mixed for approximately 20 minutes. This is the laboratory analysis sample and is ready for the laboratory determinations.

F. MOISTURE - LABORATORY ANALYSIS SAMPLE

A porcelain capsule 7/8" in depth an 1 3/4" in diameter which has been previously dried and cooled in a desiccator, shall be weighed on an analytical balance to the nearest 0.1 milligram and the weight recorded as W . A well-fitting aluminum cover shall be provided for covering the capsule when not being weighed or dried in the oven. Approximately one gram of coal shall be placed in the tared porcelain capsule. The sample and porcelain capsule shall be weighed to the nearest 0.1 milligram on an analytical balance and the weight recorded as W2. The capsule containing the sample shall be dried in a box-type oven with forced-air circulation maintained at a temperature of 107 plus or minus 3 degrees C for on hour. After heating, place the aluminum cover on the capsule, remove from the oven, and place in a desiccator containing indicating grade activated alumina or equivalent for approximately 20 minutes and weigh on an analytical balance to the nearest 0.1 milligram. Record this weight as W3. The percent moisture in the U.S. No. 60 coal is calculated as follows:

$$\text{Moisture in U.S. No. 60 Coal} = \frac{W2 - W3}{W2 - W1} \times 100 \text{ Percent}$$

Where: W1 = Weight of empty porcelain capsule

W2 = Initial weight of coal sample plus porcelain capsule

W3 = Final weight of coal sample after drying plus porcelain capsule

G. ASH

Ash shall be determined by the method in ASTM Designation D 3174.

H. VOLATILE MATTER

Volatile matter, shall be determined by the method in ASTM Designation D 3175.

I. CALORIFIC VALUE

The gross calorific value (gross heat of combustion) in British thermal units (Btu) shall be determined by the method in ASTM D 2015.

J. SULFUR

Sulfur shall be determined by Method "C" ASTM Designation D-4239. ASTM Designation D 3177 shall be used as an alternate method in case of equipment failure.

K. ASH FUSION TEMPERATURE

The ash fusion temperatures shall be determined by the method in ASTM Designation D 1857. An electric furnace with a reducing atmosphere shall be used.

L. GRINDABILITY

Grindability shall be determined by using the original formula developed by Mr. Hardgrove:

HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

Apparatus

1. Balance A balance with a sensitivity of 10 mg. and a capacity of 5000 g. will be required. The accuracy of the balance should be checked periodically.

2. Riffle Should be a fully enclosed type with 24, three-eights inch riffle divisions, feed chute built into the totally enclosed cabinet, and the slope of feed chutes and riffles greater than 60 degrees.

3. Sieves A set of circular sieves which are eight inches in diameter and which conform with ASTM Specification E-11, for Wire-Cloth Sieves for Testing Purposes, is required in the following sizes, together with cover and receiver:

Sieve Designation	
Standard	Alternate
4.75 mm.	No. 4
2.36 mm.	No. 8
1.18 mm.	No. 16
600 um.	No. 30
75 um.	No. 200

4. Crusher A laboratory plate mill capable of reducing No. 4 sieve size coal particles to less than No. 16 sieve with production of a minimum of minus No. 30 sieve size material. The plates shall be serrated and about four inches (102 mm.) in diameter. The distance between the plates shall be adjustable and the relative speed of rotation of the plates shall not exceed 200 rpm.

5. Mechanical Sieving Machine The mechanical sieving machine shall accept an assembly of vertically-nested circular sieves of eight inches (302 mm.) in diameter together with cover and receiver. The machine shall simulate the motions given testing sieves during hand sieving by imparting a horizontal oscillatory motion of approximately 1.1 inches (28 mm.) amplitude at a rate of approximately 150 blows per minute by a weight of 4.2 pounds (1.9 kg.) moving through a vertical distance of approximately 1.1 inches under the influence of gravity.

6. Grindability Machine Hardgrove grindability machine, as described in ASTM D-409, will be used.

Gross Samples

A representative gross sample of coal shall be collected in accordance with ASTM Methods D-2234, Collection of a Gross Sample of Coal, and prepared in accordance with Method D-2013.

Preparation

1. A No. 16 by No. 30 test sample is to be prepared for either calibration or for routine determination of Grindability Index.

2. Air dry a 1000 gram mesh coal sample for 12 hours. Divide the air dried sample in half by means of a riffle to yield approximately 500 grams. The HGI determination will be made on this sample.

3. Stage crush the air dried sample to yield maximum amount of material passing No. 16 sieve, but being retained on No. 30 sieve. Perform stage crushing as follows:

   (a) Divide the sample in lots of approximately 200 grams (not exceeding 250 grams) and sieve each lot for 2 minutes in the mechanical sieving machine (RO-TAP). Use a set of nested sieves consisting of a No. 16 sieve on top of a No. 30 sieve.

   (b) Crush the material retained on the No. 16 sieve with the crusher adjusted so that only the largest particles are crushed. Mechanically sieve the crushed material for 2 minutes, discard the minus 30 mesh material, and return the oversize to the crusher. Repeat this procedure adjusting the crusher at each stage so that only the largest particles are crushed. Continue crushing and sieving until all the material passes the No. 16 sieve. Make a minimum of five passes for each lot of material to ensure no over crushing occurs. Retain the No. 16 by No. 30 material.

(c) Mix well all of the No. 16 by No. 30 material accumulated from the stage crushing and sieving and divide the quantity using a riffle to obtain approximately 120 grams.

(d) As a final step in preparation of the test sample, dedust the 120 gram sample from step C (above) by sieving on No. 30 sieve for 5 minutes using the mechanical sieving machine.

Procedure

1. Clean grindability machine and associated apparatus before each run.

2. Weight out 50 grams +/-0.01 g. of 16 x 30 dedusted sample and transfer into the grinding bowl making sure all the sample is evenly distributed, and balls are evenly spaced.

3. Align the counter strike on the grindability machine to the proper starting point and fasten the bowl into position, making sure the load is fully applied to the driving spindle.

4. Operate machine to obtain 60 +/- 0.25 revolutions.

5. Remove the bowl from the machine, lift out the upper grinding ring and carefully brush adhering dust onto a No. 8 sieve nested on a No. 200 sieve and a closely fitting receiving pan. Empty the grinding balls and ground coal onto the No. 8 sieve and carefully brush material adhering to the bowl, the balls, and the No. 8 sieve into the No. 200 sieve. Replace the No. 8 sieve with a close fitting cover and shake the No. 200 sieve, cover, and pan assembly for 10 minutes in the mechanical sieving machine. Carefully brush coal dust from the underside of the sieve into the receiving pan, using a soft brush which will not damage the No. 200 sieve. Repeat the shaking and underside of the sieve brushing for 2 more periods of 5 minutes each.

6. Weigh separately to the nearest 0.01 g. the coal retained on the No. 200 sieve and the coal passing the No. 200 sieve. If the sum of these weights differs by more than 0.75 g. from the initial weight of 50 +/- 0.01 g., reject the test and repeat.

7. Determine the calculated weight of test sample passing the No. 200 sieve by subtracting the weight of coal retained on the No. 200 sieve from the test sample weight (50 - coal retained on No. 200 sieve).

Calculation

1. Calculate the grindability index using the original formula developed by Mr. Hardgrove. The grindability shall be reported as an HGI index rounded to a whole number.

   HGI = 13 + (6.93 x calculated weight of test sample passing the No. 200 mesh sieve)

Precision

1. Repeatability Results of consecutive determinations carried out on the same sample in the same laboratory by the same operator using the same apparatus should not differ by more than two (2) index points.

2. Reproducibility The means of results of duplicate determinations carried out by different laboratories on riffled splits of the analysis sample should not differ by more than three (3) index points.

M. CALCULATIONS

Calculations of ash, volatile matter, Btu, and sulfur shall be made as follows:

Dry Basis =

$$\frac{\text{Uncorrected (As-Determined U.S. No. 60 Sample) Results} \times 100}{100 - (\% \text{ Moisture in U.S. No. 60 Sample})}$$

$$\text{As Received Basis} = \frac{(100 - \% \text{ Total Moisture}) \times (\% \text{ Dry Basis})}{100}$$

N. STATE-OF-THE-ART INSTRUMENTAL ANALYSIS

Instrumental analytical alternatives may be used in lieu of techniques and equipment described above. The use of such instrumental methods shall be considered and agreement shall be sought on a case-by-case basis by both parties. Such instrumental methods must have a level of precision and accuracy similar to, or better than, that stated in the current ASTM Standard Test Method for the parameter in question.

O. The most current revised ASTM Standard Test Method shall be used.

ANNEX I NOT USED

ANNEX J
(REFERENCE TO SECTION 27.02)

LAWS AND REGULATIONS

Because PURCHASER has entered into contracts with the United States of America and by doing so has agreed to various federal labor requirements, during the performance of this contract, SELLER agrees as follows:

a) SELLER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SELLER shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SELLER agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination.

b) SELLER shall, in all solicitations or advertisement for employees, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex or national origin.

c) SELLER shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions of workers representative of SELLER's commitments under Section 202 of Executive Order No. 11246 of September 24, 1986, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d) SELLER shall comply with all provisions of Executive Order No. 11246 of September 24, 1986, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e) SELLER shall furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, an by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to its books, records, and accounts by PURCHASER and the Secretary of Labor for purpose of investigation to ascertain compliance with such rules, regulations, and order.

f) In the event of SELLER's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and SELLER may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulations, or order by the Secretary of Labor, or as otherwise provided by law.

g) SELLER shall include the provisions of Paragraphs (a) through (h) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions shall be binding upon each subcontract or vendor. SELLER shall take such action with respect to any subcontract or purchase order as PURCHASER may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event SELLER becomes involved in, or are threatened with, litigation with a subcontractor or vendor as a result of such direction by us, SELLER may request the United States to enter into such litigation to protect the interests of the United States.

h) This agreement incorporates by reference all applicable clauses of Title 41 of the Code of Federal Regulations (C. F. R.) Section 60-741, relating to the employment of the handicapped, referencing affirmative action clause provision 060-741.4 , 41 C.F.R. Section 60-250 relating to the employment disabled veterans and veterans of the Vietnam era; referencing affirmative action clause provision 60-250.4, and 41 C.F.R. subpart 1-1.1310 relating to utilization of minority business enterprises, according to the applicable conditions thereof.

ANNEX K
(REFERENCE TO SECTION 10.01)
COMPUTATION OF POUNDS OF SULFUR PER MILLION BTU

An example of the calculation of the pounds of sulfur per million Btu for an assumed "as received" sulfur value of 0.75 percent by weight and an "as received" heating value of 12,800 Btu per pound is as follows:

$$\text{Pounds of sulfur per million Btu} = \frac{\text{Percent Sulfur} \times 10{,}000}{\text{heating value}}$$

$$= \frac{.75 \times 10{,}000}{\text{12,800 Btu per pound}}$$

$$= 0.59$$

Southern Company Services, Inc
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

TES MCC
210.3.3

Southern Company Services
the southern electric system

DATE: June 20, 1990

RE: Webster County Coal Corporation/Dotiki Mine
Belt Scale Material Test

FROM: R. W. Fraser

TO: M. L. Kerr

On June 4-6, 1990, two belt scale materials tests were observed at Mapco's Dotiki Mine at Clay, Kentucky. Following the second test, the scale was left in service by Mr. Joe T. Hatch, CSX Railroad Scale Inspector. The first test indicated very good repeatability, but the scale was out of tolerance. Mr. Alan Boswell reported that the scale could not be accurately adjusted after the first material test. The problem appeared to be a broken return idler at the scale.

A number of problems were encountered during the second test on June 5, 6, 1990, including air hose problems which eliminated one of the 30 test cars. Then, the doors came open on one of the loaded test cars, which nullified that portion of the test.

A third material test would have been requested, but this is a short-term supplier whose contract will end in the very near future. So, the railroad's decision to accept the scale following an adjustment based on the test chain weight was acceptable.

Attending the scale test were the following:

J. T. Hatch - CSX Scale Inspector
Alan Boswell - Webster County Coal Company
Jeff Throgmorton- Webster County Coal Company

Attached are the two material tests and the chain tests used to establish the new chain weight.

If you have any questions, please call.

RW Fraser/pr 724

ec

Attachment

cc: Gulf Power Company
M. L. Gilchrist

Southern Company Services
J. F. Billingsley
W. D. Brasher
D. C. Cole
E. V. Gunter
J. N. Hester
S. K. Howard
K. Zachar
FNS 1-6

CSX TRANSPORTATION INC.

SCALE DEPARTMENT
BELT SCALE TEST REPORT COVER SHEET

TO:

F. J. LOYD, JR.
ENGINEER SCALES & WEIGHING
CSX TRANSPORTATION INC.
P. O. BOX 45052
JACKSONVILLE, FL. 32232-5052

DATE: 6/7-5/90

CHARGES:

YES ____ NO ✓

A belt conveyor scale material test was conducted as follows:

Firm Name : WEBSTER COUNTY COAL CORP.

Address : ROUTE 3

City, St., Zip: CLAY, KY 42404

Station : DOTIKI, KY

Check Weigh Scale Type : UIM

Check Weigh Scale Location: MADISONVILLE, KY (ATKINSON YARD)

Belt Scale was found — In Tolerance ( ) Out of Tolerance (✓)

Belt Scale was left — In Tolerance (✓) Out of Tolerance ( )

Belt Scale was left — In Service (✓) Out of Service ( )

EXPLAIN ADVERSE CONDITIONS IN REMARKS SECTION.

REMARKS: SCALE WILL BE ADJUSTED OUT 1 3/4 INC. AND RETESTED TOMORROW.

COPY:
GENERAL SCALE INSP.

J. T. Hatch
SCALE INSPECTOR

726

CSX TRANSPORTATION INC.

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/4-5/90
LOCATION: DOTIKI, KY TEST NO: 1
MANUFACTURER: MERRICK MODEL: E 310
SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCLX 29		264480	63040	201440
2	" 74		265940	62180	203760
3	" 70		266800	64540	202260
4	" 9		263920	62220	201700
5	" 45		264200	61740	202460
6	" 58		265720	61640	204080
7	" 12		263740	62800	200940
8	" 33		261040	63320	197720
9	" 42		264600	62280	202320
10	" 24		233940	63000	170940
	TOTALS:				1987620
				NET TONS:	993.81

BELT SCALE READINGS

ENDING: 080829.43
STARTING: 079829.43
NET TONS: 1000.00
PRINTER: 1000.1

TEST RESULTS

CHECK SCALE: 993.81 NET TONS
BELT SCALE: 1000.0 NET TONS
DIFFERENCE: 6.19 NET TONS
ERROR: +.623 %

COPY:
GENERAL SCALE INSP.

J. T. Hatch
SCALE INSPECTOR

727

CSX TRANSPORTATION INC.

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/4-5/90

LOCATION: DOTIKI, KY TEST NO: 2

MANUFACTURER: MERRICK MODEL: E310

SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCCX 79		264920	62060	202860
2	" 53		266180	62160	204020
3	" 71		261740	61220	200520
4	" 21		264340	62040	202300
5	" 30		264640	61580	203060
6	" 18		266320	64600	201720
7	" 15		266140	64360	201780
8	" 49		265020	62320	202700
9	" 64		266420	62420	204000
10	" 63		224300	62100	162200
	TOTALS:				1985160
				NET TONS:	992.58

BELT SCALE READINGS

ENDING: 081829.12

STARTING: 080829.46

NET TONS: 999.66

PRINTER: 999.7

TEST RESULTS

CHECK SCALE: 992.58 NET TONS

BELT SCALE: 999.66 NET TONS

DIFFERENCE: 7.08 NET TONS

ERROR: +.713 %

COPY:
GENERAL SCALE INSP.

J. T. Hatch
SCALE INSPECTOR

728

CSX TRANSPORTATION INC.

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/4-5/90

LOCATION: DOTIKI, KY TEST NO: 3

MANUFACTURER: MERRICK MODEL: E310

SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCCX 11		261040	61100	199940
2	" 34		266380	62400	203980
3	" 22		264020	62240	201780
4	" 73		265260	62060	203200
5	" 67		264160	62060	202100
6	" 56		264120	62720	201400
7	" 20		263060	62300	200760
8	" 38		265920	64260	201660
9	" 7		263140	62100	201040
10	" 32		229120	62620	166500
	TOTALS:				1982360
				NET TONS:	941.18

BELT SCALE READINGS

ENDING: 082827.56

STARTING: 081829.15

NET TONS: 998.41

PRINTER: 998.7

TEST RESULTS

CHECK SCALE: 941.18 NET TONS

BELT SCALE: 998.41 NET TONS

DIFFERENCE: 7.23 NET TONS

ERROR: +.729 %

COPY:
GENERAL SCALE INSP.

J.T. Hatch
SCALE INSPECTOR

729

3X TRANSPORTATION INC

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/5+6/90
LOCATION: DOTIKI, KY TEST NO: 3
MANUFACTURER: MERRICK MODEL: E 310
SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MECX 11		264240	61120	203120
2	" 34		264180	62440	201740
3	" 22		265900	62280	203620
4	" 73		264300	62120	202180
5	" 67		263020	62100	200920
6	" 20		261840	62320	199520
7	" 38		267000	64300	202700
8	" 7		264260	62120	202140
9	" 32		240020	62660	177360
10	"				
	TOTALS:				1793300
				NET TONS:	896.65

BELT SCALE READINGS

ENDING: 103727.66
STARTING: 102828.76
NET TONS: 898.90
PRINTER: 899.0

TEST RESULTS

CHECK SCALE: 896.65 NET TONS
BELT SCALE: 898.90 NET TONS
DIFFERENCE: 2.25 NET TONS
ERROR: +.251 %

J. T. Hatch
SCALE INSPECTOR

COPY:
GENERAL SCALE INSP.

730

3X TRANSPORTATION INC.

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/5+6/90

LOCATION: DOTIKI, KY TEST NO: 2

MANUFACTURER: MERRICK MODEL: E 310

SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCCX 79		264360	62120	202560
2	" 53		265680	62200	203480
3	" 71		262180	61300	200880
4	" 21		264940	62100	202840
5	" 30		265760	61620	204140
6	" 18		265660	64660	201000
7	" 15		265360	64340	201020
8	" 49		156900	62320	94580 *
9	" 64		264580	62460	202120
10	" 63		237500	62120	175380
	TOTALS:				1888000
				NET TONS:	944.00

NORTHERN DROPPED 1/2 CAR OF

BELT SCALE READINGS

ENDING: 102828.34

STARTING: 101828.83

NET TONS: 999.51

PRINTER: 1000.0

TEST RESULTS

CHECK SCALE: 944.00 NET TONS

BELT SCALE: 999.51 NET TONS

DIFFERENCE: 55.51 NET TONS

ERROR: * +5.88 %

* THIS TEST ABORTED BECT. LOSING 1/2 CAR OF COAL.

COPY:
GENERAL SCALE INSP.

J. T. Hatch
SCALE INSPECTOR

731

CSX TRANSPORTATION INC

SCALE DEPARTMENT
BELT SCALE MATERIAL TEST REPORT

NAME: WEBSTER COUNTY COAL CORP. DATE: 6/5+6/90

LOCATION: DOTIKI, KY TEST NO: 1

MANUFACTURER: MERRICK MODEL: E310

SERIAL NO: 7983 TPH: 4000

	CAR INIT/NO.	%	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT
1	MCCX 29		265680	63120	202560
2	" 74		266040	62240	203800
3	" 70		267100	64580	202520
4	" 9		264020	62280	201740
5	" 45		265720	61820	203900
6	" 58		265200	61680	203520
7	" 12		266180	62840	203340
8	" 33		267160	63380	203780
9	" 42		264900	62360	202540
10	" 24		227720	63060	164660
	TOTALS:				1992360
				NET TONS:	996.18

BELT SCALE READINGS

ENDING: 101828.04

STARTING: 100829.20

NET TONS: 998.84

PRINTER: 999.6

TEST RESULTS

CHECK SCALE: 996.18 NET TONS

BELT SCALE: 998.84 NET TONS

DIFFERENCE: 2.66 NET TONS

ERROR: +.267 %

J. T. Hatch
SCALE INSPECTOR

COPY:
GENERAL SCALE INSP.

WEBSTER COUNTY COAL CORPORATION

TEST REPORT

R: Webster County Coal Corporation
Route 3
Clay, Kentucky 42404

WEIGHTOMETER # E-7983

INSPECTOR'S TEST

	As Found	TEST 1	TEST 2	FINAL TESTS	
NO. OF CIRCUITS	3	3	3	3	3
OVER-UNDER TRAVEL	0.8	-1.6	2.1	0.6	5.1
READING AFTER	10845.345	10866.080	10886.832	10902.386	10923.104
READING BEFORE	10829.789	10845.345	10871.268	10886.832	10907.543
REGISTERED WEIGHT	15.556	20.735	15.564	15.554	15.561
CORRECTION	-0.005	0.010	-0.016	-0.004	-0.031
CORRECTED WGT.	15.551	20.745	15.548	15.550	15.530
TRUE WGT.	15.569	20.759	15.569	15.569	15.569
DIFF.	-0.018	-0.014	-0.021	-0.019	-0.039
R IN %	-0.116	-0.067	-0.135	-0.122	-0.251
ADJUSTED (FACES)		adj out 1/4 Face		adj out 1/2 Face	

(1) LENGTH CONVEYOR BELT	857.42	(6) ONE REV. OF DIAL	20,000
(2) WGT. TEST CHAIN PER FT.	121.056	(7) WGT. FOR 1 FT. TRAVEL	0.006
(3) LBS. FOR 1 CIRCUIT OF CONVEYOR	103,795.80	(SAME UNIT AS COUNTER)	
(4) WGT. FOR 1 CIRCUITR IN SAME UNIT AS COUNTER	5.1898		
(5) REGISTRATION IN UNITS OF	20,000	(8) WGT. FOR .1 FT. TRAVEL	0.0006

CONVEYOR SPEED 784.6

PEAK CAPACITY RATING

DOES OVERLOAD OCCUR

MINIMUM LOAD PER FOOT OR TONNAGE

NORMAL OPERATING LOAD OR TONNAGE

WEIGHT REGISTRATION) READING AS LEFT 109,541.40
TO BE DEDUCTED) READING AS START 108,297.89
FROM PRODUCTION)

DEDUCT 1,243.51

06-Jun-90 REPORTED BY Alan Boswell

734

WEBSTER COUNTY COAL CORPORATION

TEST REPORT

R: Webster County Coal Corporation
Route 3
Clay, Kentucky 42404

WEIGHTOMETER # E-7983

INSPECTOR'S TEST

	As Found	TEST 1	TEST 2	FINAL TESTS
NO. OF CIRCUITS	3	3		
OVER-UNDER TRAVEL	0.4	-2.1		
READING AFTER	10938.628	10954.140		
READING BEFORE	10923.104	10938.628		
REGISTERED WEIGHT	15.524	15.512		
CORRECTION	-0.002	0.013		
CORRECTED WGT.	15.522	15.525		
TRUE WGT.	15.569	15.569		
DIFF.	-0.047	-0.044		
OR IN %	-0.303	-0.283		
ADJUSTED (FACES)				

(1) LENGTH CONVEYOR BELT	857.42	(6) ONE REV. OF DIAL	20,000
(2) WGT. TEST CHAIN PER FT.	121.056	(7) WGT. FOR 1 FT. TRAVEL (SAME UNIT AS COUNTER)	0.006
(3) LBS. FOR 1 CIRCUIT OF CONVEYOR	103,795.80		
(4) WGT. FOR 1 CIRCUITR IN SAME UNIT AS COUNTER	5.1898		
(5) REGISTRATION IN UNITS OF	20,000	(8) WGT. FOR .1 FT. TRAVEL	0.0006

CONVEYOR SPEED 784.6

PEAK CAPACITY RATING

DOES OVERLOAD OCCUR

MINIMUM LOAD PER FOOT OR TONNAGE

NORMAL OPERATING LOAD OR TONNAGE

Remarks: corrected weight avg/test circuits then x 2000/belt length = new test chain weight 120.716

WEIGHT REGISTRATION) TO BE DEDUCTED) FROM PRODUCTION)	READING AS LEFT	109,541.40
	READING AS START	108,297.89
	DEDUCT	1,243.51

06-Jun-90 REPORTED BY Alan Boswell

735

Southern Company Services, Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

210.13.5

Southern Company Services
the southern electric system

DATE: June 19, 1990

RE: Island Creek Coal - Hamilton 2 - #C-89-9465
Weighing and Sampling Visit

FROM: G. T. Henshaw

TO: D. C. Cole

Attached hereto are the Quality Control and Mechanical Sampler/Belt Scale Performance Reports covering recent inspections. Our normal practice is to increase the frequency of inspections to those suppliers which are experiencing the most serious problems. Additional actions taken by us and/or recommendations to resolve the serious problems, if any, identified in the attached reports will be provided by separate correspondence.

GTH/ec

Attachments

cc/att: Gulf Power Company
M. L. Gilchrist

Southern Company Services, Inc.
M. L. Kerr
W. N. Thurman, III
K. Zachar
FNS 1-6 GU

7736

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

INVOICE NO 9806000140
INVOICE DATE 06/20/98
UNIT-TRAIN / PERMIT NUMBER = TIK-9
CONTRACT ID 0101900011891

CUSTOMER NO 8190A
CUSTOMER ORDER NO C00957B
ORIGINATING MINE DOTIKI

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151
PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 3, BOX 234A
SNEADS, FL 32460

INVOICE

1 CARLOADS CONTAINING 5,931.61 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	157,188.20
INVOICE TOTAL	26.50	157,188.20

PAYMENT DUE [illegible], 1998

PLEASE REMIT TO: P.O. BOX 70 [illegible]
CHICAGO, IL [illegible] 60673

Larry G. Wall

DR 345-151-100 $157,188.20
CREDIT 232-503 ($15,718.82) $141,469.38

738

JKM01358A

NAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

OF-

210.13.3

INVOICE NO 9006000140
INVOICE DATE 06/20/90
UNIT-TRAIN / PERMIT NUMBER = TIK-9
CONTRACT ID 01019000011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO [redacted]
CUSTOMER ORDER NO C89009378
ORIGINATING MINE 00TIK1

SHIP DATE	CAR / TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
06-19-90	TIK [redacted]	[redacted]	0	[redacted]	[redacted]	[redacted]	[redacted]
	TOTAL				[redacted]		[redacted]

[redacted]

(E)

210.13.3

FUEL SERVICES
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Firm: Webster County Coal Corp. 1509 Johnson Ferry Road Marietta, GA 30062	Power Company: Gulf Power Company
	Change Order Number: 002
	Purchase Order Number: C-89-009578
	Requisition Number: 65138

Make the following changes to the above requisition or purchase order

Extend this purchase order until July 31, 1990. The time extension is to allow full shipment of the 60,000 tons of coal anticipated under the purchase order. No additional tonnage is to be added by this change order.

All other conditions of subject order will continue to apply

Prepared by John T. Hestir	Approved Richard Irwin
Date 6/20/90	Approved

740

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-0328
Telephone 904 444-6236

M. L. Gilchrist
Manager of Fuel and Environmental Affairs

Gulf Power

June 13, 1990

Mapco Coal, Inc.
P.O. Box 21628
Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for $34,249.86 is for the settlement of calorific adjustment on weights of coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of May, 1990 at $13.84 per ton freight rate.

Sincerely,

M. L. Gilchrist
Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services
Mr. Ken Jenkins
Mr. John Hester
Gulf Power Company
Accounts Payable

Scholz ELECTRIC GENERATING PLAN

SPOT COAL PAYMENT ADJUSTMENT FORM

May, 1990

VENDOR Mapco P.O. No. CB9009578

SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
5-16-90	TIK006	[redacted]	[redacted]
5-23-90	TIK007	[redacted]	[redacted]
TOTALS		[redacted]	[redacted]

$/Ton [redacted] F.O.B. Mine + [redacted] Freight = [redacted] Total

MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb 12576 / 12500 Actual Guarantee = 1.006 Ratio

[redacted] $/Ton for Calorific X 1.006 Ratio = 40.58 Adjusted $/Ton

.24 $/Ton Difference Calorific vs Adjusted X [redacted] Tons Received = [redacted]

Retainage $ = [redacted]

Penalty Cost = 0

([redacted])

0 Tons plus or minus Rec'd vs Shipped X 0 $/Ton F.O.B. Mine = 0

TOTAL DUE VENDOR = [redacted]

DEBIT 345-151-100 [redacted]

DEBIT 232-503

742

RC NUMBER	RAYSAL NUMBER

ORIGINAL BILL OF LADING

ATTN: Kim / Tom

DESTINATION:
BOYKIN, FLA

ROUTE
L & N DIRECT

FROM STATION/MINE
DOTIKI MINE - DOTIKI, KY

UNIT TRAIN NUMBER

VOLUME SHIP YES ☐ NO ☐

DELIVER TO CONSIGNEE:
GULF POWER - SCHOLZ PLANT

ACTUAL SHIPPER
WEBSTER COUNTY COAL CORPORATION

SHIPPERS NUMBER
TRAIN #TIK-06

FOR THE ACCOUNT OF

SHIPPER ACCOUNT OR BROKER:

LOADED FULL VISIBLE CAPACITY YES ☒ NO ☐

COLLECT OR PREPAID ☒

TOTAL NUMBER OF C... 6

CAR INITIALS & NUMBERS	TARE WEIGHT	CAR INITIALS & NUMBERS	TARE WEIGHT	CAR INITIALS & NUMBERS	TARE WEIGHT
1 HELX - 36695		25 CO - 191537		49 CSXT - 814365	
2 CSXT - 811555		26 CSXT - 351484		50 813833	
3 SBD - 343576		27 BO - 161742		51 346802	
4 LN - 194129		28 HELX - 36500		52 346779	
5 BO - 161930		29 BO - 161291		53 350876	
6 LN - 551549		30 CSXT - 809632		54 814380	
CSXT - 819645		31 806456		55 826732	
8 SBD - 341393		32 LN - 194232		56 LN - 620563	
CSXT - 34[illegible]		33 CSXT - 346791		57 CSXT - 342830	
10 MN - 188325		34 HELX - 10028		58 343027	
11 LN - 551608		35 CSXT - 346483		59 HELX - 36466	
12 HELX - 36274		36 BO - 162808		60 LN - 550963	
13 CBR - 56921		37 CSXT - 830998		61	
14 BO - 186400		38 820006		62	
15 CSXT - 829354		39 CO - 160879		63	
16 CO - 192646		40 89510		64	
17 CSXT - 829152		41 CSXT - 807935		65	
18 823773		42 804863		66	
19 LN - 195744		43 350834		67	
20 SBD - 343974		44 CO - 191105		68	
21 CSXT - 813365		45 CSXT - 344731		69	
22 HELX - 580031		46 HELX - 580269		70	
23 BO - 186282		47 CSXT - 809126		71	
24 CO - 63006		48 SBD - 349057		72	

THE DESCRIPTION AND WEIGHT INDICATED ON THIS BILL OF LADING ARE CORRECT, SUBJECT TO VERIFICATION BY THE SOUTHERN WEIGHING & INSP. BUR... ACCORDING TO AGREEMENT.

SECTION 7: THE CARRIER SHALL NOT MAKE DELIVERY OF THIS SHIPMENT WITHOUT PAYMENT OF FREIGHT AND ALL OTHER LAWFUL CHARGES.

WEBSTER COUNTY COAL CORPORATION
P.O. BOX 645
TULSA, OK 74101-0645

L E Greenwald
SIGNATURE OF SHIPPER

TIME AND DATE — LOADING STARTED 05-16-90 10:10am — UNLOADING ENDED 12:05pm

TOTAL NET WEIGHT - [redacted]

PROTECT LOWEST THRU RATE
ALL COAL 2 x 0 WASHED

SPECIAL INSTRUCTIONS: ICC-CSXT-C-50713
TRAIN #TIK-06

743

ORIGINAL BILL OF LADING

1

DEST. NATION
BOYKIN, FLA
L & N DIRECT

ROUTE
L & N DIRECT

DELIVERING CARRIER(S)
GULF POWER - SCHOLZ PLANT

FOR THE ACCOUNT OF

Dan: Kim

FROM STATION/MINE
DOTIKI MINE - DOTIKI, KY

ACTUAL SHIPPER
WEBSTER COUNTY COAL CORPORATION

SHIPPER'S ACCOUNT OR (BROKER):

JOINT TRAIN NUMBER

VOLUME SHRUNKEN YES ☐ NO ☐

SHIPPER'S NUMBER
TRAIN #TIK-07

TRADED FULL VISIBLE CAPACITY YES ☐ NO ☐

COLLECT OR PREPAID ☐ X

TOTAL NUMBER OF CARS 60

	CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT
1	CO - 159182		26	CO - 158938		49	CO - 157062	
2	BO - 199428		26	CSXT - 822055		50	BO - 186909	
3	DRGW - 14682		27	CO - 89616		51	CSXT - 803201	
4	14980		28	CSXT - 804925		52	HELX - 580980	
5	CSXT - 344820		29	SBD - 347247		53	CSXT - 825007	
6	BO - 185436		30	WM - 188302		54	BO - 805483	
7	WM - [illegible]		31	SBD - 340339		55	199345	
8	[illegible]		32	344890		56	CO - 811691	
[illegible]	[illegible] 14674		33	343868		57	CSXT - 826958	
[illegible]	14932		34	CO - 89668		58	811734	
[illegible]	- 158017		35	CSXT - 348871		59	CO - 183224	
[illegible]	[illegible] 19809		36	830599		60	CSXT - 346170	
13	DRGW - 14939		37	CO - 191391		61		
14	CSXT - 830318		38	CSXT - 813325		62		
15	HELX - 38005		39	CO - 159343		63		
16	CSXT - 822228		40	LN - 552877		64		
17	882672		41	WM - 188696		65	THE DESCRIPTION AND WEIGHT SHOWN ON THIS BILL OF LADING ARE SUBJECT TO VERIFICATION BY THE SOUTHERN WEIGHING & INSPECTION BUREAU OR AGREEMENT.	
18	CO - 813536		42	CO - 157951		66		
19	BO - 183400		43	CSXT - 345232		67		
20	CO - 809642		44	804344		68		
21	BO - 181565		45	CO - 157915		69		
22	CSXT - 800924		46	BO - 186611		70		
23	[illegible] 14213		47	CSXT - 811244		71		
24	CRR - 16778		48	SBD 809893		72		

TION: THE CARRIER SHALL NOT ... DELIVERY OF THIS SHIPMENT ... PAYMENT OF FREIGHT AND ... CHARGES.

... COUNTY COAL CORPORATION
... 43
... 3845

... OF SHIPPER

TIME AND DATE: 06-24-90 LOADING STARTED 4:30pm ENDED 6:31pm

TOTAL NET WEIGHT [redacted]

COMMODITY CODES: 11-2150-[illegible] 11-2150-10-[illegible] INDUSTRIAL COAL ORIGINAL COAL

PROTECTIVE LOWEST THRU RATE ALL COAL 2 x 0 WASHED

SPECIAL INSTRUCTIONS: ICC-CSXT-C-50713 TRAIN #TIK-07

744

... PAGE.003

ATTN: Sharon Miller

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P.O Box 807
96 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7875

Lexington, Ky. 606/269-7774
Louisville, Ky. 502/499-5777
Madisonville, Ky. 502/821-7875
Paducah, Ky. 502/444-6847
Pineville, Ky. 606/433-3104
Evansville, In. 812/425-6660

Faxed 5-31-90

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 5/31/90

REPORT NO: 9005Z9004M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: TIK-07 / WASHED TRAIN FOR GULF POWER
DESCRIPTION : PRODUCER: WEBSTER COUNTY COAL CORPORATION

SAMPLED BY: CLIENT
DATE: 5/23/90

WEATHER: N/A
SAMPLE TYPE: N/A

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	PERCENT FIXED CARBON
AS RECEIVED	6.89	8.09	12643	2.77	N/A	N/A
DRY BASIS	N/A	8.69	13575	2.97	N/A	N/A
MAF	N/A	N/A	14870	N/A	N/A	N/A

REMARKS: LOCATION: DOTIKI MINE
P.O. #D08813

745

Submitted by Kirk Wallace

MA -21-90 MON 14 ST WEBSTER CO PR . PLT P.01

ATTN: Sharon Miller (CRR)

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O Box 807
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7575

Lexington, Ky. 606/536-7774
Louisville, Ky. 502/499-5777
Madisonville, Ky. 502/821-7575
Paducah, Ky. 502/444-6647
Pikeville, Ky. 606/432-9104
Evansville, In. 812/425-6666

Fax 5-21-90

ANALYSIS REPORT

WE030425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 5/18/90

REPORT NO: 900518006M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: TIK-06 / GULF POWER ORDER
DESCRIPTION : PRODUCER: WEBSTER COUNTY COAL CORPORATION

SAMPLED BY: CLIENT
DATE: 5/16/90

WEATHER: N/A
SAMPLE TYPE: MECHANICAL

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	PERCENT FIXED CARBON
AS RECEIVED	7.69	8.26	12510	[illegible]	N/A	N/A
DRY BASIS	N/A	8.95	13552	[illegible]	N/A	N/A
DAF	N/A	N/A	14664	N/A	N/A	N/A

REMARKS: LOCATION: DOTIKI MINE
P.O. #D00613

746

Submitted by Kirk Wallace

0135 A

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

FF- 210.13.3

INVOICE NO	9006000058	CUSTOMER NO	0190A
INVOICE DATE	06/08/90	CUSTOMER ORDER NO	
UNIT-TRAIN / PERMIT NUMBER	= TIK-88	ORIGINATING MINE	00TIKI
CONTRACT ID	0101900011891		

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151
PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.E. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 234A
SNEADS, FL 32460

---INVOICE---

1 CARLOADS CONTAINING 5,981.90 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	158,520.35
INVOICE TOTAL	26.50	158,520.35

PAYMENT DUE JU[illegible], 19[illegible]0

PLEASE REMIT TO: P.O. BOX [illegible]74
CHICAGO, ILL[illegible] 60673

Larry A Webb

Dbt 345-151-100 $158,520.35
CREDIT 232-503 ($13,852.04) AM2,44831

747

RM01350A

RAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

OF - 210.13.3

INVOICE NO 900600005
INVOICE DATE 05/08/90
UNIT-TRAIN / PERMIT NUMBER = TIK-08
CONTRACT ID 0101900011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO 0190A
CUSTOMER ORDER NO
ORIGINATING MINE DOTIKI

SHIP DATE	CAR /TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
06-05-90	TIK 000006	0	0	119638	5981.90	26.50	158520..
	TOTAL				5,981.90		158,520..

748

KH0135 A

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

F- 210.13.3

INVOICE NO	9005000221	CUSTOMER NO	0190A
INVOICE DATE	05/24/90	CUSTOMER ORDER NO	CB9009578
UNIT-TRAIN / PERMIT NUMBER	= TIK-07	ORIGINATING MINE	OCTIKI
CONTRACT ID	0101900011891		

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151

PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
W.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 234A

SNEADS, FL 32460

---INVOICE---

1 CARLOADS CONTAINING 5,851.38 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	155,061.57
INVOICE TOTAL	26.50	155,061.57

PAYMENT DUE JUL[illegible], 19[illegible]

PLEASE REMIT TO: P.O. BOX 78[illegible]74
CHICAGO, ILL[illegible]S 60673

Dany Q Webb

Dbt 345-151-100 $155,061.57
CREDIT 232-503 ($15,506.16) $139,555.41

749

RM01350A

HAPCO COAL, INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

P - 210.13.3

PAGE :

INVOICE NO 9005000221
INVOICE DATE 05/24/90
UNIT-TRAIN / PERMIT NUMBER - TIK-07
CONTRACT ID 0101900011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO 0190
CUSTOMER ORDER NO
ORIGINATING MINE DOTIKI

SHIP DATE	CAR / TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
05-23-90	TIK 000007	0	0	117028	5851.38	26.	155061.
	TOTAL				5,851.38		155,061.

#132,555.41

750

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

D

F- 21a.13

INVOICE NO 9065000152
INVOICE DATE 05/17/90
CUSTOMER NO 0150A
CUSTOMER ORDER NO
UNIT-TRAIN / PERMIT NUMBER = TIK-6
ORIGINATING MINE BCTIKI
CONTRACT ID 0101900011891
SOLD TO BULK POWER COMPANY

SHIP DATE	CAR /TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
05-16-90	TIK 000006	A	0	119996	5999.78	26.[illegible]	158994.
		TOTAL			5,999.78 ✓		158,994.

✓

Debit 345-151-100 #158,994.17

Credit 232-503 #15,899.42 #143,094.75

pd 5-25

751

0135 A

WAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

D

210.13 3

PAGE 2

INVOICE NO 9005008152
INVOICE DATE 05/17/90
UNIT-TRAIN / PERMIT NUMBER = TIK-6
CONTRACT ID 0101900011891

CUSTOMER NO 0190A
CUSTOMER ORDER NO
ORIGINATING MINE / OCTIKI

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151

PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 2[illegible]A

SNEADS, FL 32460

- - - I N V O I C E - - -

1 CARLOADS CONTAINING 5,999.78 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	158,[illegible]94.17
INVOICE TOTAL	26.50	158,[illegible]94.17

PAYMENT DUE MA[illegible], 19[illegible]0

PLEASE REMIT TO: P.O. BOX 70[illegible]74 [illegible]
CHICAGO, ILL[illegible]S 60673

752

Southern Company Services Inc.
Post Office Box 2625
Birmingham, Alabama 35202
Telephone 205 870-6011

Southern Company Services
the southern electric system

DATE: May 23, 1990

RE: Mapco Coal Corporation - Dotiki Mine - #C-89-0009264
Weighing and Sampling Visit

FROM: R. W. Fraser

TO: D. C. Cole

Attached hereto are the Quality Control and Mechanical Sampler/Belt Scale Performance Reports covering recent inspections. Our normal practice is to increase the frequency of inspections to those suppliers which are experiencing the most serious problems. Additional actions taken by us and/or recommendations to resolve the serious problems, if any, identified in the attached reports will be provided by separate correspondence.

ec

Attachments

cc/att: Gulf Power Company
M. L. Gilchrist

Southern Company Services, Inc.
M. L. Kerr
W. N. Thurman, III
K. Zachar
FNS 1-6 GU

753

FUEL TECHNICAL SERVICES

Sampling Performance Report Sheet 1 of 2

RECEIVED
'90 MAY 29 12 5:

Supplier MAPCO COAL CORP		Producer/Mine DOTIKI MINE	
Shipping point DOTIKI TERM SCS			Shipment date 5-23-90
Sample Number TIK-007	P. O. Number C-89-000264		Estimated Top Size 2 INCHES
Washed 100 % Raw ____	Size of Shipment 5851.38		Actual Loading Time 1 HR 50 min.
Calculated Primary Increments Collected 30	Primary Increments Required 36		Meets Specifications ____ Yes X No
Primary increment spacing (min., sec.) 3 MIN. 35 SEC.			Cutter speed (in/sec) 18
Secondary increment spacing (sec) 35 SEC			Cutter speed (in/sec) ROTARY
Tertiary increment spacing (sec) N/A			Cutter speed (in/sec) N/A
Average number of secondary increments per primary increment 4-5			

Estimated Total Weight of final sample before riffling (lbs) 85 LBS

Was final sample preparation procedure correct? ____ Yes ____ No ✓ Not Observed

Type of visit ____ Controlled ✓ Abbreviated OBSERVED ALL OF THE LOADING EXCEPT BELT LAMP AND FINAL SAMPLE PREPARATION.

Comments * IT APPEARED THAT THE TRAIN WAS LOADED SLIGHTLY FASTER THAN PREVIOUS TRAINS RESULTING IN FEWER PRIMARY INCREMENTS BEING COLLECTED. THIS SITUATION WAS DISCUSSED WITH MR. ALLAN BOSWELL, OF MAPCO, WHO SUGGESTED THAT WE MIGHT BEFORE THE LOADING OF THE NEXT GULF POWER TRAIN TO DISCUSS CORRECTIVE MEASURES.

FINAL SAMPLE PREPARATION IS USUALLY PERFORMED BETWEEN 6:00 AM AND 2:00 PM. THIS TRAIN WAS SCHEDULED TO BE LOADED AT 6:00 AM BUT DID NOT ARRIVE UNTIL 4:00 PM SO THE FINAL SAMPLE PREPARATION WAS NOT OBSERVED.

754 R.W. Jones 5-24-90

Form No. 9-2144

Weighing Performance Report
Belt Scales

Sheet 2 of 2

SITE CONDITIONS

X Belt condition
X Gravity take-up (Free movement, no material build-up)
N/A Preventive maintenance records checked
X Conveyor idlers lubricated
X Conveyor frames and stringers don't have excessive rust (All)
X No evidence of alignment change in scale area
N/O Rubber infeed skirts not binding conveyor belt
X Check links free of binds
X Weighbridge, gooseneck, belt, idlers, and pulleys free of coal build-up
X Positive air pressure on mechanical scale cabinet
X No apparent mercury spills in base of cabinet
X Pivots in place (Inside scale cabinet and weighbridge)
X Interior of scale cabinet free of air line oil
X Integrator drive belt in good condition
N/O Belt warm-up time; 30 minutes normal (45-60 minutes below 42 degrees F.)
N/O Zero drift (Should not exceed + or - one scale division)
X Belt tracking (Should be the same unloaded and loaded)
X Vibration
X Remote printer, totalizer, recorder, and flow indicator working and reset before each loading
X Regulatory seals in place and not broken
N/A Electronic scales:

Record span number _____ (Should not change until tested)

Record zero number _____

LOADING

X Coal flow (50%-100% mechanical; 35%-100% electronic)
X Belt Tracking (Belt does not extend above wing rolls)
X Consistent depth of coal
X Coal spillage after weighing
N/O High and low alarms working (55%-100% mechanical; 40%-100% electronic)
X Master integrator start reading recorded before loading (By vendor)

POST-LOADING

X Master integrator stop reading recorded (By vendor)
X Integrator readings recorded on printer ticket and compared to printer total
X Loading bin empty

Integrator stop reading 990023.82 Start reading 984172.44 Net 5851.38

Printer reading 5851.50

Difference (should not exceed 6 scale divisions) -0.12

N/O Zero drift _____

(Totalizer indication shall not change more than + or - one scale division in ten minutes)

Comments: _____

N/A not applicable N/O not observed X observed and satisfactory • Problem found see comments

755

Power Company
Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

Gulf Power
a southern electric system

May 10, 1990

Mapco Coal, Inc.
P.O. Box 21628
Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for $51,756.82 is for the settlement of calorific adjustment on weights of coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of April, 1990 at $13.84 per ton freight rate.

Sincerely,

M. L. Gilchrist
Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services
Mr. Ken Jenkins
Mr. John Hester
Gulf Power Company
Accounts Payable

7560

Schol. ELECTRIC GENERATING PLANT

SPOT COAL PAYMENT ADJUSTMENT FORM

April, 1990

VENDOR Webster County P.O. No. C89009578

SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
4-02-90	TIK003	5,947.84 [illegible]	14,855.98
4-09-90	TIK004	5,960.54 [illegible]	14,150.88
4-16-90	TIK005	5,518.16 [illegible]	13,608.12
TOTALS		17,426.54	415,622.98

$/Ton 26.50 (F.O.B. Mine) + 13.84 (Freight) = 40.34 (Total)

MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb 12602 / 12500 Actual Guarantee = 1.008 Ratio

40.34 $/Ton for Calorific x 1.008 Ratio = 40.66 Adjusted $/Ton

.32 $/Ton Difference Calorific vs Adjusted x 17,426.54 Tons Received = 5,576.49

Retainage $ = 46,180.33

Penalty Cost = -0-

(17,426.54 Shipped Wt

-0- Tons plus or minus Rec'd vs Shipped x -0- $/Ton F.O.B. Mine = -0-

TOTAL DUE VENDOR = $51,756.82

457 Dbt 345-151-100 $5,576.49
Dbt 232-503 $46,180.33

(2)

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P O Box 907
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: TIP-03 WASHED GULF POWER TRAIN
DESCRIPTION : PRODUCER: DOTIKI MINE

SAMPLED BY: CLIENT
DATE: 4/02/90

WEATHER: N/A
SAMPLE TYPE: MECHANICAL

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	PERCENT FIXED CARBON
AS RECEIVED	6.86	8.31	12636	2.99	N/A	N/A
DRY BASIS	N/A	8.92	13567	3.21	N/A	N/A
MAF	N/A	N/A	14896	N/A	N/A	N/A

REMARKS: LOCATION: DOTIKI MINE
THIS IS A GOVERNING SAMPLE. OBSERVED AND MAILED BY
BOB FRASIER

P.O. #D 08813

758

Submitted by

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O Box 907
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

[illegible] COUNTY COAL COMPANY
[illegible] BERRY BATES
[illegible]
[illegible] KY 42404

DATE: 4/11/90

REPORT NO: 900411011M

SHORT [illegible]

IDENTIFICATION: TIK-04 [illegible] POWER TRAIN
DESCRIPTION : PRODUCER [illegible]
CS-0490 [illegible]

SAMPLED BY: CLIENT
DATE: 4/09/90

	PERCENT MOISTURE
AS RECEIVED	6.61
DRY BASIS	N/A
MAF	N/A

REMARKS: LOG [illegible]
THE [illegible]
FE [illegible]
PAD: #D [illegible]

759

[illegible]

/

Fax'd 5-10-90
ATTN: SHARON MILLER

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O Box 907
85 East Noel Avenue
Marlesonville, Kentucky 42431
Telephone 502/821-7378

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/459-5777
Madisonville, Ky. 502/821-7378
Paducah, Ky. 502/444-6847
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-6966

ANALYSIS REPORT

WE030421
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 4/18/90

REPORT NO: 90041801OM

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: GULF POWER WASHED TRAIN TIK-05
DESCRIPTION : PRODUCER: WEBSTER COUNTY COAL CORPORATION
CS-0490-14

SAMPLED BY: CLIENT
DATE: 4/16/90

WEATHER: N/A
SAMPLE TYPE: MECHANICAL

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	PERCENT FIXED CARBON
AS RECEIVED	7.71	[illegible]	12838	[illegible].83	N/A	N/A
DRY BASIS	N/A	[illegible].13	13582	[illegible].07	N/A	N/A
MAF	N/A	N/A	14947	N/A	[illegible]	[illegible]/A

REMARKS: LOCATION: DOTIKI MINE
P.O. #D08813

760

Submitted by Kyle Vallen

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P O Box 907
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 4/11/90

REPORT NO: 900411011M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: FIK-04 / WASHED GULF POWER TRAIN
DESCRIPTION : PRODUCER: DOTIKI MINE
CS-0490-8

SAMPLED BY: CLIENT
DATE: 4/09/90

WEATHER: N/A
SAMPLE TYPE: N/A

	PERCENT MOISTURE	PER	BTU	ENT LFUR	PERCENT VOLATIL	CENT D CARBON
AS RECEIVED	6.61	1	12631	2.91	N/A	N/A
DRY BASIS	N/A	11	13525	3.12	N/A	N/A
MAF	N/A	N/A	14484	N/A	N/A	N/A

REMARKS: LOCATION: DOTIKI MINE
THIS IS A GOVERNING SAMPLE. OBSERVED AND HAULED BY BOB
SHIER
P.O. #D 08813

761 Submitted by Linda Baumgardner

1

ORIGINAL BILL OF LADING

A-HW: Kim

...YKIN, FLA

ROUTE	FROM STATION/MINE	UNIT TRAIN NUMBER	VOLUME SHIPMENT YES ☐ NO ☐
L & N DIRECT	DOTIKI MINE - DOTIKI, KY		
DELIVER TO CONSIGNEE: GULF POWER - SCHOLZ PLANT	ACTUAL SHIPPER WEBSTER COUNTY COAL CORPORATION	SHIPPERS NUMBER TRAIN #TIK-03 957B	
FOR THE ACCOUNT OF:	SHIPPER ACCOUNT OR (BROKER):	LOADED FULL VISIBLE CAPACITY YES ☒ NO ☐	COLLECT OR PREPAID X ☐
			TOTAL NUMBER OF CARS 60

	CAR INITIALS & NUMBER	TARE WEIGHT		CAR INITIALS & NUMBER	TARE WEIGHT		CAR INITIALS & NUMBER	TARE WEIGHT
1	...CRR		26	CSXT - 813794		49	CO - 806187	
2			27	SBD - 341613		50	CRR - 56869	
3	...BRZRX		27	LN - 550142		51	CO - 811650	
4	CO - 808643		28	HELX - 10084		52	BO - 162475	
5	SBD - 340746		29	CSXT - 827270		53	SBD - 344728	
6	CSXT - 819594		30	821038		54	BO - 184763	
7	822337		31	341546		55	CSXT - 347756	
8	825199		32	BO - 187257		56	809112	
	- 163375		33	LN - 196394		57	815139	
10	CO - 809927		34	BO - 187966		58	BO - 181836	
11	CSXT - 802321		35	SBD - 346780		59	CO - 191046	
12	802481		36	341853		60	CSXT - 803424	
13	BO - 181194		37	LN - 193720		61		
14	CSXT - 346643		38	CSXT - 810807		62		
15	HELX - 18977		39	CO - 814558		63		
16	BO - 162316		40	192604		64		
17	CSXT - 801798		41	SBD - 346767		65		
18	SBD - 341399		42	BO - 184935		66		
19	CO - 157180		43	CSXT - 808329		67	THE DESCRIPTION AND WEIGHT (PC/CARS) ON THIS BILL OF LADING ARE CORRECT	
20	CSXT - 829184		44	806262		68	SUBJECT TO VERIFICATION BY THE SOUTHERN RAILWAY SYSTEM'S INSP. BUR.	
21	SBD - 343960		45	CO - 160064		69	ACCORDING TO AGREEMENT.	
22	348617		46	BN - 830...		70		
23	BO - 198674		47	BO - 184668		71		
24	186506		48	CSXT - 821536		72		

...ON 7: THE CARRIER SHALL NOT ... DELIVERY OF THIS SHIPMENT ... JUT PAYMENT OF FREIGHT AND ALL OTHER LAWFUL CHARGES.

WEBSTER COUNTY COAL CORPORATION
P.O. BOX 645
TULSA, OK 74101-0645

L E Greenwald

TIME AND DATE 04-02-90 | LOADING STARTED 1:50pm | ENDED 4:00pm

TOTAL NET WEIGHT - [redacted]

COMMODITY CODE
☐ 11-81240-BITUMINOUS COAL
☐ 10-21510-METALLURGICAL COAL

PROTECT LOWEST THRU RATE
ALL COAL 2 x 0 WASHED

SPECIAL INSTRUCTIONS: CC-CSXT-C-50713
TRAIN #TIK-03

762

MINE

WAYBILL NUMBER

ORIGINAL BILL OF LADING

BOYKIN, FLA

Attn: Kim

ROUTE

L & N DIRECT

DELIVER TO CONSIGNEE:

GULF POWER - SCHOLZ PLANT

FOR THE ACCOUNT OF:

FROM STATION/MINE

DOTIKI MINE - DOTIKI, KY

UNIT TRAIN NUMBER

1

VOLUME SHIPM YES ☐ NO ☐

ACTUAL SHIPPER

WEBSTER COUNTY COAL CORPORATION

SHIPPERS NUM

TRAIN DTK-04 CBGC09578

SHIPPER ACCOUNT OR (BROKER):

LOADED FULL VISIBLE CAPACITY YES ☐ NO ☐

COLLECT OR PREPAID X ☐

TOTA

60

	CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT
1	CSXT - 811295		25	CSXT - 804038		49	LN - 193692	
2	CO - 192723		26	CO - 812803		50	CO - 158487	
3	BO - 161551		27	BO - 186377		51	CSXT - 810256	
4	162333		28	CO - 183729		52	CO - 358438	
5	HELX - 37026		29	CSXT - 809187		53	DRGW - 14856	
6	CO - 812182		30	808459		54	LN - 193479	
7	CSXT - 810529		31	CO - 161748		55	SBD - 346744	
8	CO - 198064		32	183540		56	341776	
9	358398		33	CSXT - 803223		57	CRR - 58631	
10	BO - 161792		34	803540		58	LN - 195764	
11	SBD - 344415		35	CO - 157283		59	CO - 191150	
12	CSXT - 811505		36	SBD - 349220		60	CSXT - 346798	
13	814585		37	HELX - 18969		61		
14	CO - 192267		38	881026		62		
15	SBD - 340336		39	BO - 824609		63		
16	BO - 818028		40	SBD - 340567		64		
17	CRR - 58500		41	CSXT - 814474		65	[redacted]	
18	CSXT - 806772		42	805357		66	ON THIS BILL OF LADING ARE SUBJECT,	
19	CO - 159224		43	829107		67	SUBJECT TO VERIFICATION BY THE SOUTHERN WEIGHING & INSP. BUR	
20	CSXT - 804298		44	LN - 550727		68	ACCORDING TO AGREEMENT.	
21	SBD - 341594		45	CRR - 58685		69		
22	34359P		46	CSXT - 801340		70		
23	CSXT - 814636		47	806832		71		
24	809028		48	CO - 161573		72		

SECTION 7: THE CARRIER SHALL NOT ARE DELIVERY OF THIS SHIPMENT THOUT PAYMENT OF FREIGHT AND LL OTHER LAWFUL CHARGES.

WEBSTER COUNTY COAL CORPORATION
P.O. BOX 945
TULSA, OK 74145

AND DATE 4-09-90 LOADING STARTED UNLOADING 8: AM ENDED 10:12am

TOTAL NET WEIGHT [redacted]

LOWEST TIME RATE

ALL COAL 2 x 0 WASHED

763

DTK-04

87-913

PAGE 2

ORIGINAL BILL OF LADING

1

Attn: Kim

DESTINATION: /KI.., FLA

ROUTE: L & N DIRECT

FROM STATION/MINE: DOTIKI MINE - DOTIKI, KY

UNIT TRAIN NUMBER:

VOLUME SHIPMENT: YES ☐ NO ☐

DELIVER TO CONSIGNEE: GULF POWER - SCHOLZ PLANT

ACTUAL SHIPPER: WEBSTER COUNTY COAL CORPORATION

SHIPPERS NUMBER: TRAIN #TIK-05

FOR THE ACCOUNT OF:

SHIPPED ACCOUNT OF (BROKER):

LOADED FULL VEHICLE CAPACITY: YES ☒ NO ☐

COLLECT ☒ OR PREPAID ☐

TOTAL NUMBER OF CARS: 60

	CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT
1	LN - 500053		25	CSXT - 312050		49	LN - 184326	
2	522263		26	CO - 142040		50	CO - 142094	
3	CO - 139906		27	SBD - 323200		51	142422	
4	LN - 522697		28	CSXT - 310691		52	SBD - 350107	
5	CSXT - 812079		29	SBD - 310702		53	341779	
6	346404		30	311935		54	WM - 189785	
7	CO - 157225		31	CO - 142191		55	SBD - 341577	
8	SBD - 309707		32	LN - 521892		56	LN - 193422	
	340699		33	PLE - 62223		57	WM - 830273	
10	CSXT - 806302		34	SBD - 323292		58	CSXT - 348938	
11	LN - 185487		35	CRR - SC787		59	830626	
12	CRR - 55615		36	CO - 150886		60	BO - 189013	
13	SBD - 522738		37	150886		61		
14	HELX - [illegible]83		38	LN - 521864		62		
15	SBD/53		39	522017		63		
16	CSXT - 829875		40	521604		64		
17	CO - 139965		41	CSXT - 311450		65		
18	BO - 185509		42	LN - 521672		66	THE DESCRIPTION AND WEIGHT INDICATED	
19	163289		43	520690		67	ON THIS BILL OF LADING ARE SUBJECT	
20	CSXT - 806121		44	SBD - [illegible]		68	SUBJECT TO VERIFICATION BY THE SOUTHERN WEIGHING & INSP. BUR.	
21	825868		45	CSXT - 364477		69		
22	LN - 521298		46	358347		70		
23	522620		47	WM - 189595		71	✓	
24	CO - 142796		48	SBD - 325593		72		

SECTION 7: THE CARRIER SHALL NOT DELIVER THIS SHIPMENT WITHOUT PAYMENT OF FREIGHT AND ALL OTHER LAWFUL CHARGES.

WEBSTER COUNTY COAL CORPORATION
P.O. BOX 645
TULSA, OK 74101-0645

TIME AND DATE: 04-16-90 ☒ LOADING STARTED 11:30am ENDED 1:25pm ☐ UNLOADING

PAGE 1 OF 1

TOTAL NET WEIGHT - [redacted]

COMMODITY CODE: 11-01-2[illegible] COAL
10-01-2[illegible] COAL

LOWEST THRU RATE
COAL 2 x 0 WASHED

SPECIAL INSTRUCTIONS: 764 CSXT-C-80713
TIK-05

SCH[illegible] ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 153

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
SBD 343494	APRIL 4, 1990	261,480	62,100	199,380
C&O 191355	DITTO	252,000	59,900	192,100
CSXT 831934	DITTO	252,440	58,300	194,140
B&O 185241	DITTO	248,000	54,500	194,500
CSXT 811787	DITTO	258,420	57,500	200,920
HELX 580811	DITTO	255,320	61,900	193,420
B&O 162405	DITTO	255,000	56,500	198,500
SBD 349687	DITTO	266,040	62,900	203,140
L&N 193578	DITTO	265,600	61,000	204,600
L&N 193531	DITTO	262,180	64,500	197,680
L&N 193400	DITTO	265,000	61,600	203,400
L&N 193737	DITTO	264,240	64,000	200,240
TOTAL LBS. IF IN LBS		3,106,720	724,700	2,382,020

TOTAL TONS 1,191.01

3-00140

Prepared By: [signature]

Date: 4/5/90

PAGE 1 OF 1

765

Approved By: [signature]

Date: 4/5/90

(TC)

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 4/89

SAMPLE NO. - 153 TONNAGE - 1191.01

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	965.9
	PAN & WET SAMPLE WEIGHT	1965.9
	PAN & DRY SAMPLE WEIGHT	1896.9
	AIR DRY MOISTURE WEIGHT	69.0
***	AIR DRY MOISTURE = 69.0 / 1000 GRAMS =	6.9 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 10 BALANCED WEIGHT	18.3902
	NET WET SAMPLE WEIGHT	3.0017
	CRUCIBLE & WET SAMPLE WEIGHT	21.3919
	CRUCIBLE & DRY SAMPLE WEIGHT	21.3500
	60 MESH OVEN MOISTURE WEIGHT	0.0419
***	OVEN MOISTURE OF A SAMPLE = 0.0419 GRAMS / 3.0 GRAMS =	1.40 %
***	TOTAL MOISTURE = (100 - 6.9)/100 X 1.4 % + 6.9 % =	8.20 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	18.6590
	CRUCIBLE NO. 10 BALANCED WEIGHT	18.3902
	BALANCED WEIGHT OF RESIDUAL ASH	0.2688
***	DRY BASIS ASH =0.2688 / (3.0 - 0.0419) =	9.08 %
***	AS RECEIVED ASH = 9.08 X (100.00 - 8.2) =	8.34 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.07 %
***	AS RECEIVED SULFUR = 3.07 X (100 - 6.9)/100 =	2.86 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13261 BTU/LI
***	AS RECEIVED BTU = 13261 X (100.00 - 6.9)/100 =	12346 BTU/LI
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14792 BTU/LI

PREPARED BY Kim Rose

DATE 04-20-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

7666

11

SCHOLZ ELECTRIC GENERATIN LANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 154

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C&O 192604	APRIL 5. 1990	254,780	59,700	195,080
C&O 814558	DITTO	252,640	57,100	195,540
L&N 193720	DITTO	263,340	63,000	200,340
CSXT 806262	DITTO	256,180	58,500	197,680
SBD 346757	DITTO	266,600	61,100	205,500
CSXT 810807	DITTO	252,560	58,000	194,560
B&O 184935	DITTO	257,080	57,600	199,480
CSXT 808329	DITTO	253,640	57,800	195,840
TOTAL LBS. IF IN LBS		2,056,820	472,800	1,584,020

TOTAL TONS [illegible]

3-00140

Prepared By: Kimi Rose

Date: 4/6/90

PAGE 1 OF 1

767

Approved By: [signature]

Date: 4/10/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 5/89

SAMPLE NO. - 154 TONNAGE - 792.01

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1017.7	
	PAN & WET SAMPLE WEIGHT	2017.7	
	PAN & DRY SAMPLE WEIGHT	1970.3	
	AIR DRY MOISTURE WEIGHT	47.4	
***	AIR DRY MOISTURE = 47.4 / 1000 GRAMS =		4.74 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 31 BALANCED WEIGHT	18.2993	
	NET WET SAMPLE WEIGHT	2.9993	
	CRUCIBLE & WET SAMPLE WEIGHT	21.2986	
	CRUCIBLE & DRY SAMPLE WEIGHT	21.2516	
	60 MESH OVEN MOISTURE WEIGHT	0.0470	
***	OVEN MOISTURE OF A SAMPLE = 0.0470 GRAMS / 3.0 GRAMS =		1.57 %
***	TOTAL MOISTURE = (100 - 4.74)/100 X 1.57 % + 4.74 % =		6.24 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	18.5676	
	CRUCIBLE NO. 31 BALANCED WEIGHT	18.2993	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2683	
***	DRY BASIS ASH =0.2683 / (3.0 - 0.0470) =		9.09 %
***	AS RECEIVED ASH = 9.09 X (100.00 - 6.24) =		8.52 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.20 %
***	AS RECEIVED SULFUR = 3.2 X (100 - 4.74)/100 =	3.05 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13287 BTU/LI
***	AS RECEIVED BTU = 13287 X (100.00 - 4.74)/100 =	12657 BTU/LI
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14849 BTU/LI

PREPARED BY Tim Price
DATE 04-20-1990

APPROVED Raymond Wolden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

768

SCHOLZ ELECTRIC GENERATING PL
COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.
VESSEL NAME (SMITH ONLY)
SAMPLE NO. (SCHOLZ ONLY) MP 156
PURCHASE ORDER NO.
DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 825199	APRIL 6, 1990	254.700	58.100	196.600
SBD 344728	DITTO	264.600	63.100	201.500
C&O 809927	DITTO	256.700	57.100	199.600
B&O 163375	DITTO	254.220	55.000	199.220
CSXT 809112	DITTO	258.740	58.200	200.540
CSXT 347756	DITTO	263.000	63.900	199.100
B&O 184763	DITTO	253.100	55.500	197.600
B&O 162475	DITTO	253.840	54.500	199.340
C&O 811650	DITTO	256.760	57.300	199.460
CRR 56869	DITTO	262.520	61.200	201.320
C&O 806187	DITTO	257.440	58.400	199.040
CSXT 821536	DITTO	256.740	59.700	197.040
B&O 184668	DITTO	255.820	57.800	198.020
WM 830315	DITTO	256.000	57.900	198.100
C&O 160064	DITTO	254.180	56.800	197.380
CSXT 802321	DITTO	252.080	58.100	193.980
B&O 186506	DITTO	254.340	67.800	186.540
CSXT 346643	DITTO	269.820	63.900	205.920
B&O 161194	DITTO	254.060	58.000	196.060
CSXT 802481	DITTO	257.600	57.700	199.900
TOTAL LBS. IF IN LBS		5,146,260	1,180,000	3,966,260
			TOTAL TONS	1,983.13

3-00140

Prepared By: Kim Cross
Date: 4/9/90
Approved By: Pat Parker
Date: 4/9/90

PAGE 1 OF 1

769

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 6/89

SAMPLE NO. - 156 TONNAGE - 1983.13

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1023.9	
PAN & WET SAMPLE WEIGHT	2023.9	
PAN & DRY SAMPLE WEIGHT	1971.5	
AIR DRY MOISTURE WEIGHT	52.4	
*** AIR DRY MOISTURE = 52.4 / 1000 GRAMS =		5.24 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 10 BALANCED WEIGHT	18.3901	
NET WET SAMPLE WEIGHT	3.0000	
CRUCIBLE & WET SAMPLE WEIGHT	21.3901	
CRUCIBLE & DRY SAMPLE WEIGHT	21.3596	
60 MESH OVEN MOISTURE WEIGHT	0.0305	
*** OVEN MOISTURE OF A SAMPLE = 0.0305 GRAMS / 3.0 GRAMS =		1.02 %
*** TOTAL MOISTURE = (100 - 5.24)/100 X 1.02 % + 5.24 % =		6.21 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.6710	
CRUCIBLE NO. 10 BALANCED WEIGHT	18.3901	
BALANCED WEIGHT OF RESIDUAL ASH	0.2809	
*** DRY BASIS ASH =0.2809 / (3.0 - 0.0305) =		9.46 %
*** AS RECEIVED ASH = 9.46 X (100.00 - 6.21) =		8.87 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.07 %
*** AS RECEIVED SULFUR = 3.07 X (100 - 5.24)/100 =	2.91 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13272	BTU/LI
*** AS RECEIVED BTU = 13272 X (100.00 - 5.24)/100 =	12576	BTU/LI
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14810	BTU/LI

PREPARED BY Lisa Ross

DATE 04-20-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

770

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 157

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C&O 191046	APRIL 7, 1990	260,920	62,700	198,220
CSXT 803424	DITTO	259,260	58,200	201,060
B&O 198737	DITTO	272,680	57,800	214,880
B&O 163400	DITTO	255,960	56,000	199,960
CSXT 807461	DITTO	260,460	57,900	202,560
C&O 806072	DITTO	255,860	58,200	197,660
HELX 581281	DITTO	259,960	59,200	200,760
B&O 161836	DITTO	251,600	61,300	190,300
CSXT 815139	DITTO	236,940	57,900	179,040
SBD 341853	DITTO	261,980	60,800	201,180
SBD 346780	DITTO	263,900	62,500	201,400
B&O 187966	DITTO	252,480	58,000	194,480
L&N 195394	DITTO	261,000	59,500	201,500
B&O 187257	DITTO	254,260	57,400	196,860
CSXT 341546	DITTO	263,260	63,800	199,460
CSXT 821038	DITTO	256,100	57,400	198,700
CSXT 827270	DITTO	254,560	55,300	199,260
HELX 10084	DITTO	263,900	60,500	203,400
L&N 550142	DITTO	264,520	63,900	200,620
SBD 341613	DITTO	264,200	63,400	200,800
CSXT 813794	DITTO	251,380	57,800	193,580
TOTAL LBS. IF IN LBS		5,425,180	1,249,500	4,175,680

TOTAL TONS 2,087.84

3-00140

Prepared By: Kim Rose

Date: 4/9/90

PAGE 1 OF 1

771

Approved By: Art Parker

Date:

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 7/89

SAMPLE NO. - 157 TONNAGE - 2087.84

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1028.5	
PAN & WET SAMPLE WEIGHT	2028.5	
PAN & DRY SAMPLE WEIGHT	1975.6	
AIR DRY MOISTURE WEIGHT	52.9	
*** AIR DRY MOISTURE = 52.9 / 1000 GRAMS =		5.29 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 11 BALANCED WEIGHT	18.1470	
NET WET SAMPLE WEIGHT	3.0005	
CRUCIBLE & WET SAMPLE WEIGHT	21.1475	
CRUCIBLE & DRY SAMPLE WEIGHT	21.1138	
60 MESH OVEN MOISTURE WEIGHT	0.0337	
*** OVEN MOISTURE OF A SAMPLE = 0.0337 GRAMS / 3.0 GRAMS =		1.12 %
*** TOTAL MOISTURE = (100 - 5.29)/100 X 1.12 % + 5.29 % =		6.35 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.4203	
CRUCIBLE NO. 11 BALANCED WEIGHT	18.1470	
BALANCED WEIGHT OF RESIDUAL ASH	0.2733	
*** DRY BASIS ASH =0.2733 / (3.0 - 0.0337) =		9.21 %
*** AS RECEIVED ASH = 9.21 X (100.00 - 6.35) =		8.63 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.14 %
*** AS RECEIVED SULFUR = 3.14 X (100 - 5.29)/100 =	2.97 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13310	BTU/LI
*** AS RECEIVED BTU = 13310 X (100.00 - 5.29)/100 =	12606	BTU/L.
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14826	BTU/LI

PREPARED BY Kim Ross
DATE 04-20-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Filter record

DATE	04/10/89
TIME	0846 hrs
CRU. ID	101
SAMPLE ID	157
SAMPLE WT.	3.0000
INIT. TEMP.	24.464
FINAL TEMP.	27.531
TEMP RISE	3.1134
ASH (C1)	41.1
SULFUR (C2)	40.5
RISE (C3)	18
F VALUE	2407.7
GROSS HEAT	13310
UNITS	BTU/LB

772

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 159

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 822337	APRIL 8, 1990	254.000	57.900	196.100
CSXT 819594	DITTO	238.560	56.500	182.060
B&O 161786	DITTO	247.120	58.900	188.220
B&O 161984	DITTO	219.040	57.200	161.840
SBD 340746	DITTO	260.220	64.300	195.920
C&O 808643	DITTO	240.020	57.700	182.320
SBD 347096	DITTO	265.240	62.600	202.640
CRR 58664	DITTO	254.360	64.000	190.360
C&O 191711	DITTO	268.240	59.900	208.340
TOTAL LBS. IF IN LBS.		2,246.800	539.000	1,707.800
			TOTAL TONS	853.9

3-00140

Prepared By: Kim Rowe

Date: 4/9/90

PAGE 1 OF 1

773

Approved By: Pat Fuhs

Date: 4/9/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 8/89

SAMPLE NO. - 159 TONNAGE - 853.9

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	996.6	
PAN & WET SAMPLE WEIGHT	1996.6	
PAN & DRY SAMPLE WEIGHT	1940.4	
AIR DRY MOISTURE WEIGHT	56.2	
*** AIR DRY MOISTURE = 56.2 / 1000 GRAMS =		5.62 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 20 BALANCED WEIGHT	19.2580	
NET WET SAMPLE WEIGHT	3.0001	
CRUCIBLE & WET SAMPLE WEIGHT	22.2581	
CRUCIBLE & DRY SAMPLE WEIGHT	22.2230	
60 MESH OVEN MOISTURE WEIGHT	0.0351	
*** OVEN MOISTURE OF A SAMPLE = 0.0351 GRAMS / 3.0 GRAMS =		1.17 %
*** TOTAL MOISTURE = (100 - 5.62)/100 X 1.17 % + 5.62 % =		6.72 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	19.5277	
CRUCIBLE NO. 20 BALANCED WEIGHT	19.2580	
BALANCED WEIGHT OF RESIDUAL ASH	0.2697	
*** DRY BASIS ASH =0.2697 / (3.0 - 0.0351) =		9.10 %
*** AS RECEIVED ASH = 9.10 X (100.00 - 6.72) =		8.49 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.14 %
*** AS RECEIVED SULFUR = 3.14 X (100 - 5.62)/100 =	2.96 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13323	BTU/L
*** AS RECEIVED BTU = 13323 X (100.00 - 5.62)/100 =	12575	BTU/L
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14830	BTU/L

PREPARED BY Kim Ross

DATE 04-20-1989

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Fitch Report

DATE	04/12/89
TIME	0727 HRS
CAL. ID	101
SAMPLE ID	159
SAMPLE WT.	1.0003
INIT. TEMP	24.662
FINAL TEMP	27.979
TEMP RISE	3.1169
ASH (C1)	41.7
SULFUR (C2)	40.8
RISE (C3)	18
F VALUE	2407.7
GROSS HEAT	13323
UNITS	BTU/LB

774

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 162

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
B&O 185479	APRIL 9, 1990	255,660	56,200	199,460
C&O 806408	DITTO	257,280	58,000	199,280
CSXT 804587	DITTO	257,000	58,600	198,400
CSXT 806858	DITTO	255,280	57,900	197,380
CSXT 346305	DITTO	262,960	62,800	200,160
TOTAL LBS. IF IN LBS		1,288,180	293,500	994,680
			TOTAL TONS	497.34

3-00140

PAGE 1 OF 1

Prepared By: Kim Rose

Date: 4/11/90

Approved By: Pat Parker

Date: 4/11/90

775

20

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 9/89

SAMPLE NO. - 162 TONNAGE - 497.34

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	996.3	
	PAN & WET SAMPLE WEIGHT	1996.3	
	PAN & DRY SAMPLE WEIGHT	1923.4	
	AIR DRY MOISTURE WEIGHT	72.9	
***	AIR DRY MOISTURE = 72.9 / 1000 GRAMS =		7.29 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 30 BALANCED WEIGHT	17.5057	
	NET WET SAMPLE WEIGHT	3.0012	
	CRUCIBLE & WET SAMPLE WEIGHT	20.5069	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.4672	
	60 MESH OVEN MOISTURE WEIGHT	0.0397	
***	OVEN MOISTURE OF A SAMPLE = 0.0397 GRAMS / 3.0 GRAMS =		1.32 %
***	TOTAL MOISTURE = (100 - 7.29)/100 X 1.32 % + 7.29 % =		8.51 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.7814	
	CRUCIBLE NO. 30 BALANCED WEIGHT	17.5057	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2757	
***	DRY BASIS ASH =0.2757 / (3.0 - 0.0397) =		9.31 %
***	AS RECEIVED ASH = 9.31 X (100.00 - 8.51) =		8.52 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.07 %
***	AS RECEIVED SULFUR = 3.07 X (100 - 7.29)/100 =	2.85 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13199 BTU/L
***	AS RECEIVED BTU = 13199 X (100.00 - 7.29)/100 =	12237 BTU/L
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14749 BTU/L

PREPARED BY Jim Rose

DATE 04-20-1990

APPROVED Raymond Weldon

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Printout Report

DATE	04/20/90
TIME	0902 hrs
CRU. ID	101
SAMPLE ID	162
SAMPLE WT.	3.0397
INIT. TEMP	24.951
FINAL TEMP	28.037
TEMP RISE	3.086
ASH (%)	41.7
SULFUR (%)	03.9
FUSE	2?
F VALUE	2497.7
GROSS HEAT	13199
UNITS	BTU/LB

776

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

GOAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 165

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 801798	APRIL 11, 1990	259,220	57,700	201,520
SBD 343960	DITTO	261,780	59,000	202,780
CSXT 829184	DITTO	253,440	56,600	196,840
C&O 157180	DITTO	253,040	56,200	196,840
SBD 341399	DITTO	253,320	58,200	195,120
B&O 162316	DITTO	257,520	58,100	199,420
HELX 18977	DITTO	267,100	61,200	205,900
TOTAL LBS. IF IN LBS		1,805,420	407,000	1,398,420

TOTAL TONS 699.21

3-00140

Prepared By: Terri Bowers

Date: 4/16/90

PAGE 1 OF 1

Approved By: Pat Fowler

Date: 4/16/90

777

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 11/89

SAMPLE NO. - 165 TONNAGE - 699.21

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	978.8	
PAN & WET SAMPLE WEIGHT	1978.8	
PAN & DRY SAMPLE WEIGHT	1917.7	
AIR DRY MOISTURE WEIGHT	61.1	
*** AIR DRY MOISTURE = 61.1 / 1000 GRAMS =		6.11 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 30 BALANCED WEIGHT	17.5062	
NET WET SAMPLE WEIGHT	3.0001	
CRUCIBLE & WET SAMPLE WEIGHT	20.5063	
CRUCIBLE & DRY SAMPLE WEIGHT	20.4692	
60 MESH OVEN MOISTURE WEIGHT	0.0371	
*** OVEN MOISTURE OF A SAMPLE = 0.0371 GRAMS / 3.0 GRAMS =		1.24 %
*** TOTAL MOISTURE = (100 - 6.11)/100 X 1.24 % + 6.11 % =		7.27 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	17.7694	
CRUCIBLE NO. 30 BALANCED WEIGHT	17.5062	
BALANCED WEIGHT OF RESIDUAL ASH	0.2632	
*** DRY BASIS ASH =0.2632 / (3.0 - 0.0371) =		8.88 %
*** AS RECEIVED ASH = 8.88 X (100.00 - 7.27) =		8.23 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 6.11)/100 =	2.69 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13337	BTU/LI
*** AS RECEIVED BTU = 13337 X (100.00 - 6.11)/100 =	12523	BTU/LI
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14821	BTU/LI

PREPARED BY [signature]

DATE 04-20-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE (illegible)
TIME (illegible)
SAMP. ID (illegible)
SAMPLE NO. (illegible)
SAMPLE WT. (illegible)
INIT. TEMP (illegible)
FINAL TEMP (illegible)
TEMP RISE (illegible)
MOIST (ADB) (illegible)
SULFUR (ADB) (illegible)
BTU/LB (ADB) (illegible)
F VALUE (illegible)

GROSS HEAT (illegible)
UNITS BTU/LB

778

LALU

SCHOLZ ELECTRIC GEN ATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 167

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 830877	APRIL 12, 1990	257,840	58,300	199,540
HELX 36995	DITTO	262,320	61,100	201,220
CSXT 812385	DITTO	255,380	58,200	197,180
CSXT 814011	DITTO	260,000	57,800	202,200
HELX 36910	DITTO	263,660	61,300	202,360
CSXT 809240	DITTO	254,840	58,000	196,840
CSXT 823371	DITTO	256,280	57,400	198,880
B&O 198574	DITTO	272,880	54,600	218,280
SBD 345617	DITTO	265,120	63,700	201,420
CSXT 813262	DITTO	257,460	57,600	199,860
C&O 358198	DITTO	288,000	64,700	223,300
B&O 186279	DITTO	256,760	57,300	199,460
HELX 580212	DITTO	257,760	60,000	197,760
B&O 162323	DITTO	254,760	57,300	197,460
CSXT 804263	DITTO	251,380	58,400	192,980
B&O 161088	DITTO	256,800	57,000	199,800
SBD 340723	DITTO	247,720	58,400	189,320
SBD 348983	DITTO	267,680	63,700	203,980
CSXT 811943	DITTO	258,360	57,800	200,560
TOTAL LBS. IF IN LBS		4,945,000	1,122,600	3,822,400
			TOTAL TONS	1,911.2

3-00140

779

Prepared By: Lynn Gast

Date: 4/17/90

Approved By: Pat Parker KJR

PAGE 1 OF 1

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 12/89

SAMPLE NO. - 167 TONNAGE - 1911.2

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	978.5	
PAN & WET SAMPLE WEIGHT	1978.5	
PAN & DRY SAMPLE WEIGHT	1917.1	
AIR DRY MOISTURE WEIGHT	61.4	
*** AIR DRY MOISTURE = 61.4 / 1000 GRAMS =		6.14 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 31 BALANCED WEIGHT	18.2985	
NET WET SAMPLE WEIGHT	3.0003	
CRUCIBLE & WET SAMPLE WEIGHT	21.2988	
CRUCIBLE & DRY SAMPLE WEIGHT	21.2622	
60 MESH OVEN MOISTURE WEIGHT	0.0366	
*** OVEN MOISTURE OF A SAMPLE = 0.0366 GRAMS / 3.0 GRAMS =		1.22 %
*** TOTAL MOISTURE = (100 - 6.14)/100 X 1.22 % + 6.14 % =		7.29 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.5662	
CRUCIBLE NO. 31 BALANCED WEIGHT	18.2985	
BALANCED WEIGHT OF RESIDUAL ASH	0.2677	
*** DRY BASIS ASH =0.2677 / (3.0 - 0.0366) =		9.03 %
*** AS RECEIVED ASH = 9.03 X (100.00 - 7.29) =		8.37 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
*** AS RECEIVED SULFUR = 2.8 X (100 - 6.14)/100 =	2.63 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13287 BTU/LI
*** AS RECEIVED BTU = 13287 X (100.00 - 6.14)/100 =	12471 BTU/LI
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14786 BTU/LI

PREPARED BY [signature]

DATE 04-20-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

780

Filter REPORT

TIME	04:22:30
TIME	1319 HRS
...M. ID	101
SAMPLE ID	167
SAMPLE WT.	1.0000
UNIT. TEMP	84.700
FINAL TEMP	87.807
TEMP RISE	3.105
...TD (CL)	40.6
...FUR (CO)	06.4
FUSE (CO)	20
...VALUE	13403.4
...TING HEAT	12287
...TS	BTU/LB

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 169

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 827723	APRIL 13, 1990	250,260	56,300	193,960
CSXT 804351	DITTO	251,680	58,500	193,180
C&O 157058	DITTO	254,920	56,400	198,520
CSXT 810668	DITTO	257,880	57,900	199,980
CSXT 811260	DITTO	257,920	57,500	200,420
CSXT 808801	DITTO	258,720	58,300	200,420
SBD 351005	DITTO	234,220	64,000	170,220
CSXT 345908	DITTO	263,260	63,200	200,060
C&O 157952	DITTO	254,020	56,000	198,020
CSXT 814274	DITTO	253,480	57,200	196,280
B&O 185642	DITTO	249,100	56,100	193,000
SBD 340419	DITTO	266,240	59,600	206,640
B&O 185735	DITTO	213,040	57,500	155,540
CSXT 812498	DITTO	252,000	58,500	193,500
CSXT 801025	DITTO	252,640	58,000	194,640
L&N 552266	DITTO	266,320	63,900	202,420
HELX 36539	DITTO	266,540	63,000	203,540
WM 199967	DITTO	273,120	57,300	215,820
CSXT 825639	DITTO	258,580	56,500	202,080
TOTAL LDS. IF IN LBS		4,833,040	1,115,700	3,718,240

TOTAL TONS [illegible].12

-00140

Prepared By: [signature]

Date: 4/19/90

PAGE 1 OF 1

781

Approved By: [signature]

Date: 4/19/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 13/89

SAMPLE NO. - 169 TONNAGE - 1859.12

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1028.5	
	PAN & WET SAMPLE WEIGHT	2028.5	
	PAN & DRY SAMPLE WEIGHT	1961.8	
	AIR DRY MOISTURE WEIGHT	66.7	
***	AIR DRY MOISTURE = 66.7 / 1000 GRAMS =		6.67 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 20 BALANCED WEIGHT	19.2584	
	NET WET SAMPLE WEIGHT	3.0001	
	CRUCIBLE & WET SAMPLE WEIGHT	22.2585	
	CRUCIBLE & DRY SAMPLE WEIGHT	22.2190	
	60 MESH OVEN MOISTURE WEIGHT	0.0395	
***	OVEN MOISTURE OF A SAMPLE = 0.0395 GRAMS / 3.0 GRAMS =		1.32 %
***	TOTAL MOISTURE = (100 - 6.67)/100 X 1.32 % + 6.67 % =		7.90 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	19.5316	
	CRUCIBLE NO. 20 BALANCED WEIGHT	19.2584	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2732	
***	DRY BASIS ASH =0.2732 / (3.0 - 0.0395) =		9.23 %
***	AS RECEIVED ASH = 9.23 X (100.00 - 7.9) =		8.50 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
***	AS RECEIVED SULFUR = 2.8 X (100 - 6.67)/100 =	2.61 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13255 BTU/L
***	AS RECEIVED BTU = 13255 X (100.00 - 6.67)/100 =	12371 BTU/L
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14798 BTU/L

PREPARED BY Kim Ross

DATE 04-23-1990

APPROVED Raymond Wolden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Filter REPORT

DATE 04/12/89
TIME [illegible]
SAMPLE ID 169
SAMPLE WT. [illegible]
INIT. TEMP [illegible]
FINAL TEMP [illegible]
TEMP RISE [illegible]
ASH [illegible] 40
SULFUR [illegible] 2.8
BTUS [illegible] 13
VALUE [illegible] 14798.4

GROSS HEAT [illegible]
UNITS BTU/LB

782

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 171

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/OCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 811295	APRIL 14, 1990	256,380	58,000	198,380
CSXT 346788	DITTO	207,620	62,500	145,120
C&O 191150	DITTO	261,840	59,300	202,540
L&N 195764	DITTO	258,740	62,900	195,840
CRR 58631	DITTO	257,780	61,800	195,980
SBD 341776	DITTO	266,630	62,900	203,730
SBD 346744	DITTO	267,920	61,500	206,420
L&N 193479	DITTO	264,880	61,600	203,280
CRGW 14856	DITTO	212,560	54,600	157,960
C&O 359438	DITTO	281,660	61,800	219,860
TOTAL LBS. IF IN LBS		2,536,060	606,900	1,929,160
			TOTAL TONS	964.58

-00140

Prepared By: Kim Reed

Date: 4/19/90

Approved By: [signature]

Date. 4/19/90

783

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 14/89

SAMPLE NO. - 171 TONNAGE - 964.58

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1017.6	
PAN & WET SAMPLE WEIGHT	2017.6	
PAN & DRY SAMPLE WEIGHT	1959.2	
AIR DRY MOISTURE WEIGHT	58.4	
*** AIR DRY MOISTURE = 58.4 / 1000 GRAMS =		5.84 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 25 BALANCED WEIGHT	18.5153	
NET WET SAMPLE WEIGHT	3.0002	
CRUCIBLE & WET SAMPLE WEIGHT	21.5155	
CRUCIBLE & DRY SAMPLE WEIGHT	21.4699	
60 MESH OVEN MOISTURE WEIGHT	0.0456	
*** OVEN MOISTURE OF A SAMPLE = 0.0456 GRAMS / 3.0 GRAMS =		1.52 %
*** TOTAL MOISTURE = (100 - 5.84)/100 X 1.52 % + 5.84 % =		7.27 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.7902	
CRUCIBLE NO. 25 BALANCED WEIGHT	18.5153	
BALANCED WEIGHT OF RESIDUAL ASH	0.2749	
*** DRY BASIS ASH =0.2749 / (3.0 - 0.0456) =		9.30 %
*** AS RECEIVED ASH = 9.30 X (100.00 - 7.27) =		8.62 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
*** AS RECEIVED SULFUR = 2.8 X (100 - 5.84)/100 =	2.64 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13261 BTU/L
*** AS RECEIVED BTU = 13261 X (100.00 - 5.84)/100 =	12487 BTU/L
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14846 BTU/L

PREPARED BY Tim Rogers

DATE 04-23-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

784

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 172

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C&O 192720	APRIL 15, 1990	257,280	59,400	197,880
B&O 161551	DITTO	254,560	58,500	196,060
B&O 162333	DITTO	251,860	59,400	192,460
HELX 37026	DITTO	263,700	62,100	201,600
C&O 812182	DITTO	256,740	56,900	199,840
CSXT 810529	DITTO	264,480	58,900	205,580
B&O 198064	DITTO	266,940	54,400	212,540
C&O 358398	DITTO	274,680	62,100	212,580
B&O 161792	DITTO	258,440	55,200	203,240
SBD 344415	DITTO	268,140	60,700	207,440
CSXT 811505	DITTO	260,080	57,900	202,180
CSXT 814585	DITTO	263,380	58,500	204,880
C&O 192247	DITTO	260,920	59,300	201,620
SBD 340336	DITTO	269,640	60,400	209,240
B&O 818028	DITTO	277,880	55,800	222,080
CRR 58500	DITTO	265,160	62,900	202,260
CSXT 806772	DITTO	259,640	55,700	203,940
C&O 159224	DITTO	253,720	55,800	197,920
SBD 341594	DITTO	265,040	59,700	205,340
CSXT 804298	DITTO	223,600	57,700	165,900
TOTAL LBS. IF IN LBS		5,215,080	1,171,300	4,044,580
			TOTAL TONS	2,022.29

-00140

Prepared By: _____

Date: 4/19/90

PAGE 1 OF 1

485

Approved By: _____

Date: 4/19/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 15/89

SAMPLE NO. - 172 TONNAGE - 2022.29

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1004.4
	PAN & WET SAMPLE WEIGHT	2004.4
	PAN & DRY SAMPLE WEIGHT	1952.8
	AIR DRY MOISTURE WEIGHT	51.6
***	AIR DRY MOISTURE = 51.6 / 1000 GRAMS =	5.16 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 26 BALANCED WEIGHT	17.7563
	NET WET SAMPLE WEIGHT	3.0003
	CRUCIBLE & WET SAMPLE WEIGHT	20.7566
	CRUCIBLE & DRY SAMPLE WEIGHT	20.7145
	60 MESH OVEN MOISTURE WEIGHT	0.0421
***	OVEN MOISTURE OF A SAMPLE = 0.0421 GRAMS / 3.0 GRAMS =	1.40 %
***	TOTAL MOISTURE = (100 - 5.16)/100 X 1.4 % + 5.16 % =	6.49 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	18.0261
	CRUCIBLE NO. 26 BALANCED WEIGHT	17.7563
	BALANCED WEIGHT OF RESIDUAL ASH	0.2698
***	DRY BASIS ASH =0.2698 / (3.0 - 0.0421) =	9.12 %
***	AS RECEIVED ASH = 9.12 X (100.00 - 6.49) =	8.53 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
***	AS RECEIVED SULFUR = 2.8 X (100 - 5.16)/100 =	2.66 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13273 BTU/LI
***	AS RECEIVED BTU = 13273 X (100.00 - 5.16)/100 =	12588 BTU/LI
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14812 BTU/LI

PREPARED BY Tim Rost

DATE 04-23-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

786

COAL RECEIVING REPORT

COAL VENDOR: MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE I.D. (SCHOLZ ONLY) MP 173

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/DCG
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 809028	APRIL 16, 1990	260,740	58,000	202,740
CSXT 804038	DITTO	250,420	57,700	192,720
C&O 812803	DITTO	259,300	58,200	201,100
B&O 185377	DITTO	256,940	57,600	199,340
C&O 180729	DITTO	256,380	57,500	198,880
CSXT 809187	DITTO	254,020	58,600	195,420
CSXT 808459	DITTO	260,120	58,100	202,020
B&O 161748	DITTO	259,260	57,900	201,360
SBD 340567	DITTO	268,120	59,400	208,720
CSXT 814474	DITTO	261,780	57,400	204,380
C&O 183540	DITTO	250,820	58,200	192,620
CSXT 803223	DITTO	261,320	57,800	203,520
CSXT 803540	DITTO	259,860	58,300	201,560
C&O 157283	DITTO	259,400	57,600	201,800
SBD 349220	DITTO	268,380	64,100	204,280
HELX 18969	DITTO	267,660	62,300	205,360
HELX 581026	DITTO	259,980	61,000	198,980
B&O 824609	DITTO	256,680	57,100	199,580
CSXT 814636	DITTO	259,000	57,900	201,100
SBD 343598	DITTO	263,480	59,400	204,080
TOTAL LBS. IF IN LBS		5,199,660	1,174,100	4,025,560
			TOTAL TONS	2,012.78

-00140

Prepared By: Kim Rose

Date: 4/19/90

PAGE 1 OF 1

787

Approved By: Pat Parker

Date: 4/19/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 16/89

SAMPLE NO. - 173 TONNAGE - 2012.78

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	996.6	
PAN & WET SAMPLE WEIGHT	1996.6	
PAN & DRY SAMPLE WEIGHT	1933.9	
AIR DRY MOISTURE WEIGHT	62.7	
*** AIR DRY MOISTURE = 62.7 / 1000 GRAMS =		6.27 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 30 BALANCED WEIGHT	17.5061	
NET WET SAMPLE WEIGHT	3.0002	
CRUCIBLE & WET SAMPLE WEIGHT	20.5063	
CRUCIBLE & DRY SAMPLE WEIGHT	20.4735	
60 MESH OVEN MOISTURE WEIGHT	0.0328	
*** OVEN MOISTURE OF A SAMPLE = 0.0328 GRAMS / 3.0 GRAMS =		1.09 %
*** TOTAL MOISTURE = (100 - 6.27)/100 X 1.09 % + 6.27 % =		7.29 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	17.7787	
CRUCIBLE NO. 30 BALANCED WEIGHT	17.5061	
BALANCED WEIGHT OF RESIDUAL ASH	0.2726	
*** DRY BASIS ASH =0.2726 / (3.0 - 0.0328) =		9.19 %
*** AS RECEIVED ASH = 9.19 X (100.00 - 7.29) =		8.52 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 6.27)/100 =	2.69 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13263 BTU/LI
*** AS RECEIVED BTU = 13263 X (100.00 - 6.27)/100 =	12432 BTU/LI
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14766 BTU/LI

PREPARED BY Kimi Poore
DATE 04-23-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Film Report

DATE 04/17/89
TIME 0850 HRS
SAMPLE ID 173
SAMPLE WT. 3.0002
INIT. TEMP 15.202
FINAL TEMP 18.312
TEMP RISE 3.110
HEAT (Cal) 3879
SULFUR (%) 2.87
FUSE (%) .25
VOLUME 3406.7
GROSS HEAT 13263
UNITS BTU/LB

788

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 174

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 801340	APRIL 17, 1990	257,680	57,600	200,080
L&N 550727	DITTO	264,700	63,200	201,500
CSXT 829107	DITTO	256,780	59,100	197,680
CSXT 806357	DITTO	254,700	57,600	197,100
CRR 58685	DITTO	266,600	63,800	202,800
CSXT 805832	DITTO	252,860	58,100	194,760
TOTAL LBS. IF IN LBS		1,553,320	359,400	1,193,920

TOTAL TONS 596.96

-00140

Prepared By: Kim Rose

Date: 4/19/90

Approved By: Pat Polk

Date: 4/19/90

PAGE 1 OF 1

789

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 17/89

SAMPLE NO. - 174 TONNAGE - 596.96

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1024.9	
	PAN & WET SAMPLE WEIGHT	2024.9	
	PAN & DRY SAMPLE WEIGHT	1969.3	
	AIR DRY MOISTURE WEIGHT	55.6	
***	AIR DRY MOISTURE = 55.6 / 1000 GRAMS =		5.56 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 1 BALANCED WEIGHT	18.7480	
	NET WET SAMPLE WEIGHT	3.0005	
	CRUCIBLE & WET SAMPLE WEIGHT	21.7485	
	CRUCIBLE & DRY SAMPLE WEIGHT	21.7036	
	60 MESH OVEN MOISTURE WEIGHT	0.0449	
***	OVEN MOISTURE OF A SAMPLE = 0.0449 GRAMS / 3.0 GRAMS =		1.50 %
***	TOTAL MOISTURE = (100 - 5.56)/100 X 1.5 % + 5.56 % =		6.98 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	19.0121	
	CRUCIBLE NO. 1 BALANCED WEIGHT	18.7480	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2641	
***	DRY BASIS ASH =0.2641 / (3.0 - 0.0449) =		8.94 %
***	AS RECEIVED ASH = 8.94 X (100.00 - 6.98) =		8.32 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.94 %
***	AS RECEIVED SULFUR = 2.94 X (100 - 5.56)/100 =	2.78 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13206	BTU/LB
***	AS RECEIVED BTU = 13206 X (100.00 - 5.56)/100 =	12471	BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14723	BTU/LB

PREPARED BY Kim Rose

DATE 04-23-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Final Report

DATE 04/23/90
TIME 1427 hrs
Anal. ID 187
Sample ID 174
Sample Wt. 1.0005
Init. Temp 25.018
Final Temp 28.126
Temp Rise 3.1081
ACID (C1) 99.4
SULFUR (C2) 98.2
RISE (C3) 16
BTU Value 14696.7

Gross Heat 13206
Units BTU/LB

490

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 175

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 810256	APRIL 18, 1990	251,000	57,600	193,400
C&O 158487	DITTO	261,060	57,900	203,160
L&N 193692	DITTO	266,360	63,300	203,060
C&O 811573	DITTO	258,640	57,300	201,340
TOTAL LBS. IF IN LBS		1,037,060	238,100	800,960

TOTAL TONS 400.48

00140

PAGE 1 OF 1

791

Prepared By: Kim Ross

Date: 4/19/90

Approved By: Pat Parker

Date: 4/19/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 18/89

SAMPLE NO. - 175 TONNAGE - 400.48

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	996.6	
PAN & WET SAMPLE WEIGHT	1996.6	
PAN & DRY SAMPLE WEIGHT	1939.1	
AIR DRY MOISTURE WEIGHT	57.5	
*** AIR DRY MOISTURE = 57.5 / 1000 GRAMS =		5.75 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 31 BALANCED WEIGHT	18.2988	
NET WET SAMPLE WEIGHT	3.0005	
CRUCIBLE & WET SAMPLE WEIGHT	21.2993	
CRUCIBLE & DRY SAMPLE WEIGHT	21.2514	
60 MESH OVEN MOISTURE WEIGHT	0.0479	
*** OVEN MOISTURE OF A SAMPLE = 0.0479 GRAMS / 3.0 GRAMS =		1.60 %
*** TOTAL MOISTURE = (100 - 5.75)/100 X 1.6 % + 5.75 % =		7.26 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.5654	
CRUCIBLE NO. 31 BALANCED WEIGHT	18.2988	
BALANCED WEIGHT OF RESIDUAL ASH	0.2666	
*** DRY BASIS ASH =0.2666 / (3.0 - 0.0479) =		9.03 %
*** AS RECEIVED ASH = 9.03 X (100.00 - 7.26) =		8.37 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 5.75)/100 =	2.70 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13282 BTU/LE
*** AS RECEIVED BTU = 13282 X (100.00 - 5.75)/100 =	12518 BTU/LE
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14838 BTU/LE

PREPARED BY [signature]

DATE 04-23-1989

APPROVED Raymond Wolden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Final REPORT

DATE	04/20/89
TIME	2216 HRS
CAL. ID.	107
SAMPLE ID	175
SAMPLE WT.	1.0007
INIT. TEMP	25.004
Final TEMP.	28.132
TEMP RISE	3.1278
MOID (01)	40
SULFUR (02)	37.5
ASH (03)	18
BTU VALUE	13282
GROSS HEAT	13282
UNITS	BTU/LB

792

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 176

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
B&O 189013	APRIL 21, 1990	194,820	58,700	136,120
L&N 184326	DITTO	224,620	48,500	176,120
SBD 325593	DITTO	229,160	50,300	178,860
L&N 522263	DITTO	216,000	52,600	163,400
C&O 142094	DITTO	226,940	52,800	174,140
CSXT 346404	DITTO	264,500	64,000	200,500
CSXT 812079	DITTO	251,460	58,600	192,860
L&N 522697	DITTO	211,540	54,100	157,440
C&O 139906	DITTO	221,760	54,800	166,960
l&n 500053	DITTO	236,560	51,100	185,460
CSXT 830626	DITTO	258,860	56,700	202,160
CSXT 348938	DITTO	265,540	63,000	202,540
WM 830273	DITTO	255,000	57,300	197,700
L&N 193422	DITTO	255,760	59,700	196,060
WM 189785	DITTO	256,880	58,500	198,380
SBD 341577	DITTO	267,320	61,100	206,220
C&O 142422	DITTO	218,080	52,900	165,180
SBD 350107	DITTO	262,800	64,500	198,300
SBD 341779	DITTO	260,380	61,700	198,680
TOTAL LBS. IF IN LBS		4,577,980	1,080,900	3,497,080
			TOTAL TONS	1,748.54

1-00140

Prepared By: Kim Rose

Date: 4/23/90

PAGE 1 OF 1

793

Approved By: Richard Fabis

Date: 4/23/90

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 21/90

SAMPLE NO. - 176 TONNAGE - 1748.54

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1004.3	
PAN & WET SAMPLE WEIGHT	2004.3	
PAN & DRY SAMPLE WEIGHT	1954.4	
AIR DRY MOISTURE WEIGHT	49.9	
*** AIR DRY MOISTURE = 49.9 / 1000 GRAMS =		4.99 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 15 BALANCED WEIGHT	17.3199	
NET WET SAMPLE WEIGHT	3.0001	
CRUCIBLE & WET SAMPLE WEIGHT	20.3200	
CRUCIBLE & DRY SAMPLE WEIGHT	20.2765	
60 MESH OVEN MOISTURE WEIGHT	0.0435	
*** OVEN MOISTURE OF A SAMPLE = 0.0435 GRAMS / 3.0 GRAMS =		1.45 %
*** TOTAL MOISTURE = (100 - 4.99)/100 X 1.45 % + 4.99 % =		6.37 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	17.5933	
CRUCIBLE NO. 15 BALANCED WEIGHT	17.3199	
BALANCED WEIGHT OF RESIDUAL ASH	0.2734	
*** DRY BASIS ASH =0.2734 / (3.0 - 0.0435) =		9.25 %
*** AS RECEIVED ASH = 9.25 X (100.00 - 6.37) =		8.66 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.94 %
*** AS RECEIVED SULFUR = 2.94 X (100 - 4.99)/100 =	2.79 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13227 BTU/L
*** AS RECEIVED BTU = 13227 X (100.00 - 4.99)/100 =	12567 BTU/L
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14790 BTU/L

PREPARED BY Kim Rose

DATE 04-30-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

✓

794

Final REPORT

DATE 04/24/90
TIME 1205 hrs
SAMPLE ID 176
SAMPLE wt. 3.0011
INIT. TEMP 24.2453
Final TEMP. 27.3604
TEMP RISE 3.05964
ASH (%) 40
SULFUR (%) 39.2
MOIST (%) 16
BTU VALUE 14790.7

GROSS HEAT 13227
BTU/LB

14

...ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY)

SAMPLE NO. (SCHOLZ ONLY) MP 177

PURCHASE ORDER NO.

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C&O 157225	APRIL 22, 1990	259,020	58,700	200,320
SBD 340699	DITTO	269,420	59,600	209,820
SBD 309707	DITTO	217,880	51,100	166,780
TOTAL LBS. IF IN LBS		746,320	169,400	576,920
			TOTAL TONS	288.46

-00140

Prepared By: [signature]

Date: 4/23/90

Approved By: [signature]

Date: 4/23/90

PAGE 1 OF 1

795

110

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 22/90

SAMPLE NO. - 177 TONNAGE - 288.46

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1017.8	
	PAN & WET SAMPLE WEIGHT	2017.8	
	PAN & DRY SAMPLE WEIGHT	1964.0	
	AIR DRY MOISTURE WEIGHT	53.8	
***	AIR DRY MOISTURE = 53.8 / 1000 GRAMS =		5.38 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 31 BALANCED WEIGHT	18.2993	
	NET WET SAMPLE WEIGHT	3.0012	
	CRUCIBLE & WET SAMPLE WEIGHT	21.3005	
	CRUCIBLE & DRY SAMPLE WEIGHT	21.2551	
	60 MESH OVEN MOISTURE WEIGHT	0.0454	
***	OVEN MOISTURE OF A SAMPLE = 0.0454 GRAMS / 3.0 GRAMS =		1.51 %
***	TOTAL MOISTURE = (100 - 5.38)/100 X 1.51 % + 5.38 % =		6.81 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	18.5736	
	CRUCIBLE NO. 31 BALANCED WEIGHT	18.2993	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2743	
***	DRY BASIS ASH =0.2743 / (3.0 - 0.0454) =		9.28 %
***	AS RECEIVED ASH = 9.28 X (100.00 - 6.81) =		8.65 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.00 %
***	AS RECEIVED SULFUR = 3 X (100 - 5.38)/100 =	2.84 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13209	BTU/LB
***	AS RECEIVED BTU = 13209 X (100.00 - 5.38)/100 =	12498	BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14783	BTU/LB

PREPARED BY Kim Ross

DATE 04-30-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Filter REPORT

DATE	04/24/90
TIME	1404 HRS
CRU. ID	202
SAMPLE ID	177
SAMPLE WT.	1.0003
INIT. TEMP	24.714
Final TEMP	27.525
TEMP RISE	2.0911
ASH (%)	41.7
SULFUR (%)	39
RISE (%)	28
BTU VALUE	2406.7
HEATING MENT	12209
UNITS	BTU/LB

796

11

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 178

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
CSXT 806302	APRIL 23, 1990	252,000	58,200	193,800
L&N 185487	DITTO	235,340	49,500	185,840
C&O 142191	DITTO	235,340	50,900	184,440
L&N 521892	DITTO	217,480	50,800	166,680
PLE 62223	DITTO	225,180	53,200	171,980
SBD 323292	DITTO	234,900	50,000	184,900
CRR 55797	DITTO	221,440	51,500	169,940
C&O 158985	DITTO	259,100	56,100	203,000
C&O 158889	DITTO	259,500	56,900	202,600
&N 521864	DITTO	217,800	50,400	167,400
&N 522017	DITTO	218,040	51,600	166,440
L&N 521604	DITTO	220,040	51,100	168,940
CSXT 311450	DITTO	219,240	52,200	167,040
L&N 521572	DITTO	220,300	52,500	167,800
L&N 520690	DITTO	216,340	53,600	162,740
SBD 347275	DITTO	268,720	61,400	207,320
CSXT 350477	DITTO	269,960	63,400	206,560
WM 189595	DITTO	260,260	57,500	202,760
CSXT 358347	DITTO	275,480	61,300	214,180
TOTAL LBS. IF IN LBS		4,526,460	1,032,100	3,494,360
			TOTAL TONS	1,747.18

)0140

Prepared By: Tim Ford
Date: 4/23/90
Approved By: Pat Parker
Date: 4/24/90

PAGE 1 OF 1

797

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 23/90

SAMPLE NO. - 178 TONNAGE - 1747.18

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	976.3
	PAN & WET SAMPLE WEIGHT	1976.3
	PAN & DRY SAMPLE WEIGHT	1919.6
	AIR DRY MOISTURE WEIGHT	56.7
***	AIR DRY MOISTURE = 56.7 / 1000 GRAMS =	5.67 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 22 BALANCED WEIGHT	17.5184
	NET WET SAMPLE WEIGHT	3.0002
	CRUCIBLE & WET SAMPLE WEIGHT	20.5186
	CRUCIBLE & DRY SAMPLE WEIGHT	20.4751
	60 MESH OVEN MOISTURE WEIGHT	0.0435
***	OVEN MOISTURE OF A SAMPLE = 0.0435 GRAMS / 3.0 GRAMS =	1.45 %
***	TOTAL MOISTURE = (100 - 5.67)/100 X 1.45 % + 5.67 % =	7.04 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.7929
	CRUCIBLE NO. 22 BALANCED WEIGHT	17.5184
	BALANCED WEIGHT OF RESIDUAL ASH	0.2745
***	DRY BASIS ASH =0.2745 / (3.0 - 0.0435) =	9.28 %
***	AS RECEIVED ASH = 9.28 X (100.00 - 7.04) =	8.63 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
***	AS RECEIVED SULFUR = 2.8 X (100 - 5.67)/100 =	2.64 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13236 BTU/LI
***	AS RECEIVED BTU = 13236 X (100.00 - 5.67)/100 =	12485 BTU/LI
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14805 BTU/LI

PREPARED BY Kim Rose

DATE 04-30-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE	04/23/90
TIME	1005 HRS
CRUC. ID	100
SAMPLE ID	178
SAMPLE WT.	1.0034
INIT. TEMP	24.500
FINAL TEMP	27.500
TEMP RISE	3.0962
ASH (%)	40.6
SULFUR (%)	56.4
MOISTURE (%)	28
BTU VALUE	14805.7
GROSS HEAT	13236
UNITS	BTU/LB

798

U7

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 179

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ SBD 322738	APRIL 24, 1990	233,580	50,100	183,480
✓ CRR 55615	DITTO	257,770	52,000	205,770
✓ HELX 581383	DITTO	265,960	58,300	207,660
C&O 189965	DITTO	253,620	57,800	195,820
CSXT 829875	DITTO	249,580	57,200	192,380
✓ HELX 580753	DITTO	261,920	61,100	200,820
TOTAL LBS. IF IN LBS		1,522,430	336,500	1,185,930

TOTAL TONS 592.965

-00140

Prepared By: Kim Ross

Date: 4/30/90

PAGE 1 OF 1

799

Approved By: Lenn Ramsey

Date: 4/30/90

UCI

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 24/90

SAMPLE NO. - 179 TONNAGE - 59<.965

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1024.2	
	PAN & WET SAMPLE WEIGHT	2024.2	
	PAN & DRY SAMPLE WEIGHT	1945.3	
	AIR DRY MOISTURE WEIGHT	78.9	
***	AIR DRY MOISTURE = 78.9 / 1000 GRAMS =		7.89 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 11 BALANCED WEIGHT	18.1468	
	NET WET SAMPLE WEIGHT	3.0004	
	CRUCIBLE & WET SAMPLE WEIGHT	21.1472	
	CRUCIBLE & DRY SAMPLE WEIGHT	21.0980	
	60 MESH OVEN MOISTURE WEIGHT	0.0492	
***	OVEN MOISTURE OF A SAMPLE = 0.0492 GRAMS / 3.0 GRAMS =		1.64 %
***	TOTAL MOISTURE = (100 - 7.89)/100 X 1.64 % + 7.89 % =		9.40 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	18.4205	
	CRUCIBLE NO. 11 BALANCED WEIGHT	18.1468	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2737	
***	DRY BASIS ASH =0.2737 / (3.0 - 0.0492) =		9.27 %
***	AS RECEIVED ASH = 9.27 X (100.00 - 9.399999) =		8.40 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
***	AS RECEIVED SULFUR = 2.8 X (100 - 7.89)/100 =	2.58 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13242 BTU/LI
***	AS RECEIVED BTU = 13242 X (100.00 - 7.89)/100 =	12197 BTU/LI
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14838 BTU/LI

PREPARED BY K Ross

DATE 05-01-1990

APPROVED Raymond Wolfe

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

800

46

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 180

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓CSXT 825868	APRIL 25, 1990	257,920	56,300	201,620
✓CSXT 806121	DITTO	262,180	58,300	203,880
✓B&O 163289	DITTO	255,840	58,600	197,240
✓B&O 185509	DITTO	254,040	58,300	195,740
TOTAL LBS. IF IN LBS		1,029,980	231,500	798,480
			TOTAL TONS	399.24

3-00140

Prepared By: Kim Ross

Date: 4/30/90

Approved By: Lynn Rainey

Date: 4/30/90

PAGE 1 OF 1

801

116

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 25/90

SAMPLE NO. - 180 TONNAGE - 399.24

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	975.9	
PAN & WET SAMPLE WEIGHT	1975.9	
PAN & DRY SAMPLE WEIGHT	1921.8	
AIR DRY MOISTURE WEIGHT	54.1	
*** AIR DRY MOISTURE = 54.1 / 1000 GRAMS =		5.41 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 15 BALANCED WEIGHT	17.3193	
NET WET SAMPLE WEIGHT	3.0005	
CRUCIBLE & WET SAMPLE WEIGHT	20.3198	
CRUCIBLE & DRY SAMPLE WEIGHT	20.2889	
60 MESH OVEN MOISTURE WEIGHT	0.0309	
*** OVEN MOISTURE OF A SAMPLE = 0.0309 GRAMS / 3.0 GRAMS =		1.03 %
*** TOTAL MOISTURE = (100 - 5.41)/100 X 1.03 % + 5.41 % =		6.38 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	17.5822	
CRUCIBLE NO. 15 BALANCED WEIGHT	17.3193	
BALANCED WEIGHT OF RESIDUAL ASH	0.2629	
*** DRY BASIS ASH =0.2629 / (3.0 - 0.0309) =		8.85 %
*** AS RECEIVED ASH = 8.85 X (100.00 - 6.38) =		8.29 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 5.41)/100 =	2.71 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13332	BTU/LB
*** AS RECEIVED BTU = 13332 X (100.00 - 5.41)/100 =	12611	BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14779	BTU/LB

PREPARED BY K Ross
DATE 05-01-1990

APPROVED Raymond Webb

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE 04/27/90
TIME 1145 HRS
SAMPLE ID 180
SAMPLE WT. 3.0005
INIT. TEMP 75.2
FINAL TEMP 95.2
TEMP RISE 20.0
MOIST (21) 5.41
SULFUR (22) 2.87
ASH (23) 8.85
BTU VALUE 13332
GROSS BTU 12611

802 ✓

4

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 181

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ C&O 142040	APRIL 26, 1990	220,800	53,500	167,300
✓ C&O 142796	DITTO	222,420	52,100	170,320
✓ L&N 522620	DITTO	215,700	53,200	162,500
✓ CSXT 312050	DITTO	208,880	53,800	155,080
✓ L&N 521298	DITTO	218,000	54,100	163,900
TOTAL LBS. IF IN LBS		1,085,800	266,700	819,100
			TOTAL TONS	409.55

-00140

PAGE 1 OF 1

803

Prepared By: Kim Ross

Date: 4/30/90

Approved By: L. Ramsey

Date: 4/30/90

UP

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 26/90

SAMPLE NO. - 181 TONNAGE - 409.55

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1028.9	
	PAN & WET SAMPLE WEIGHT	2028.9	
	PAN & DRY SAMPLE WEIGHT	1977.3	
	AIR DRY MOISTURE WEIGHT	51.6	
***	AIR DRY MOISTURE = 51.6 / 1000 GRAMS =		5.16 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 18 BALANCED WEIGHT	17.6601	
	NET WET SAMPLE WEIGHT	3.0003	
	CRUCIBLE & WET SAMPLE WEIGHT	20.6604	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.6213	
	60 MESH OVEN MOISTURE WEIGHT	0.0391	
***	OVEN MOISTURE OF A SAMPLE = 0.0391 GRAMS / 3.0 GRAMS =		1.30 %
***	TOTAL MOISTURE = (100 - 5.16)/100 X 1.3 % + 5.16 % =		6.39 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.9329	
	CRUCIBLE NO. 18 BALANCED WEIGHT	17.6601	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2728	
***	DRY BASIS ASH =0.2728 / (3.0 - 0.0391) =		9.21 %
***	AS RECEIVED ASH = 9.21 X (100.00 - 6.39) =		8.62 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.94 %
***	AS RECEIVED SULFUR = 2.94 X (100 - 5.16)/100 =	2.79 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13272 BTU/L
***	AS RECEIVED BTU = 13272 X (100.00 - 5.16)/100 =	12588 BTU/L
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14811 BTU/L

PREPARED BY [signature]

DATE 05-01-1990

APPROVED Raymond Wolden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

804

46

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS. INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) MP 182

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
SBD 323200	APRIL 27, 1990	232,920	51,300	181,620
SBD 310702	DITTO	206,960	52,900	154,060
SBD 311935	DITTO	217,960	53,800	164,160
CSXT 310691	DITTO	216 ,360	52,800	163,560
TOTAL LBS. IF IN LBS		874,200	210,800	663,400

TOTAL TONS [redacted]31.7

-00140

Prepared By: Lisa Ross

Date: 4/30/90

PAGE 1 OF 1

405

Approved By: Leon Ramey

Date: 4/30/90

4

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 27/90

SAMPLE NO. - 182 TONNAGE - 331.7

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1017.9	
	PAN & WET SAMPLE WEIGHT	2017.9	
	PAN & DRY SAMPLE WEIGHT	1951.3	
	AIR DRY MOISTURE WEIGHT	66.6	
***	AIR DRY MOISTURE = 66.6 / 1000 GRAMS =		6.66 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 20 BALANCED WEIGHT	19.2583	
	NET WET SAMPLE WEIGHT	3.0000	
	CRUCIBLE & WET SAMPLE WEIGHT	22.2583	
	CRUCIBLE & DRY SAMPLE WEIGHT	22.2100	
	60 MESH OVEN MOISTURE WEIGHT	0.0483	
***	OVEN MOISTURE OF A SAMPLE = 0.0483 GRAMS / 3.0 GRAMS =		1.61 %
***	TOTAL MOISTURE = (100 - 6.66)/100 X 1.61 % + 6.66 % =		8.16 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	19.5378	
	CRUCIBLE NO. 20 BALANCED WEIGHT	19.2583	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2795	
***	DRY BASIS ASH =0.2795 / (3.0 - 0.0483) =		9.47 %
***	AS RECEIVED ASH = 9.47 X (100.00 - 8.16) =		8.70 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
***	AS RECEIVED SULFUR = 2.8 X (100 - 6.66)/100 =	2.61 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13173 BTU/LB
***	AS RECEIVED BTU = 13173 X (100.00 - 6.66)/100 =	12296 BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14789 BTU/LB

PREPARED BY K Ross

DATE 05-01-1990

APPROVED Raymond Weller

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE	04/30/90
TIME	1255 HRS
CAL. ID	102
SAMPLE ID	182
SAMPLE WT.	1
INIT. TEMP	24.747
FINAL TEMP	27.547
TEMP RISE	3.0798
ACID (%)	39.4
SULFUR (%)	36.4
RISE (%)	18
F VALUE	2406.7
GROSS HEAT	13173.
UNITS	BTU/LB

806

51

SCHOLZ ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 4/ 27/90

SAMPLE NO. - 182 TONNAGE - 331.7

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1017.9	
PAN & WET SAMPLE WEIGHT	2017.9	
PAN & DRY SAMPLE WEIGHT	1951.3	
AIR DRY MOISTURE WEIGHT	66.6	
*** AIR DRY MOISTURE = 66.6 / 1000 GRAMS =		6.66 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 20 BALANCED WEIGHT	19.2583	
NET WET SAMPLE WEIGHT	3.0000	
CRUCIBLE & WET SAMPLE WEIGHT	22.2583	
CRUCIBLE & DRY SAMPLE WEIGHT	22.2100	
60 MESH OVEN MOISTURE WEIGHT	0.0483	
*** OVEN MOISTURE OF A SAMPLE = 0.0483 GRAMS / 3.0 GRAMS =		1.61 %
*** TOTAL MOISTURE = (100 - 6.66)/100 X 1.61 % + 6.66 % =		8.16 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	19.5378	
CRUCIBLE NO. 20 BALANCED WEIGHT	19.2583	
BALANCED WEIGHT OF RESIDUAL ASH	0.2795	
*** DRY BASIS ASH =0.2795 / (3.0 - 0.0483) =		9.47 %
*** AS RECEIVED ASH = 9.47 X (100.00 - 8.16) =		8.70 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
*** AS RECEIVED SULFUR = 2.8 X (100 - 6.66)/100 =	2.61 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13173	BTU/LB
*** AS RECEIVED BTU = 13173 X (100.00 - 6.66)/100 =	12296	BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14789	BTU/LB

PREPARED BY [signature]

DATE 05-01-1990

APPROVED Raymond Wolfe

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Final REPORT

DATE	04/30/90
TIME	[illegible] HRS
FUEL ID	182
SAMPLE ID	182
SAMPLE WT.	1
INIT. TEMP	24.747
FINAL TEMP	27.847
TEMP RISE	3.0798
BOMB (C1)	55.4
SULFUR (C2)	36.4
FUSE (C3)	28
F VALUE	2400.1
GROSS HEAT	13173.
UNITS	BTU/LB

807

51

NAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

INVOICE NO 9004000125
INVOICE DATE 04/18/90
UNIT-TRAIN / PERMIT NUMBER = FIK-05
CONTRACT ID 01019000118Y1

CUSTOMER NO 0190A
CUSTOMER ORDER NO C89009578
ORIGINATING MINE FIKTIKI

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151
PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 234A
SNEADS, FL 32460

INVOICE

1 CARLOADS CONTAINING 5,518.16 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	146,231.24
INVOICE TOTAL	26.50	146,231.24

PAYMENT DUE [illegible], 1990

PLEASE REMIT TO: P.O. BOX 70[illegible]
CHICAGO, IL 60673

Dlt 345-151-100 $146,231.24
CREDIT 232-503 ($14,[illegible]) $131,[illegible]

KM0350A

NAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

210.13.9 PAGE 1

INVOICE NO 9004000126
INVOICE DATE 04/18/90
UNIT-TRAIN / PERMIT NUMBER = TIK-05
CONTRACT ID 0101900011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO 0190A
CUSTOMER ORDER NO
ORIGINATING MINE KOTIKI

SHIP DATE	CAR /TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
04-16-90	TIK 000005	0	0	110363	5518.16	26.50	146231..
	TOTAL				5,518.16		146,231..

#131668.12

809

Gulf Power Company
One Energy Place
Post Office Box 1151
Pensacola, FL 32520-0780
Telephone 904 444-6111

FF 210.13.3

Gulf Power

April 17, 1990

Mapco Coal, Inc.
P.O. Box 21628
Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for $18,105.32 is for the settlement of calorific adjustment and balances on coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of March, 1990 at $13.72 per ton freight rate.

Sincerely,

M. L. Gilchrist
Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services
Mr. Ken Jenkins
Mr. John Hester
Gulf Power Company
Accounts Payable

810

Scholz ELECTRIC GENERATING PLANT

SPOT COAL PAYMENT ADJUSTMENT FORM

March, 1990

VENDOR Webster County P.O. No. C89009578

SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
3-27-90	TIK002	5,936.17	141,577.66
TOTALS			

$/Ton 26.50 (F.O.B. Mine) + 13.72 (Freight) = 40.22 (Total)

MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb 12620 / 12500 (Actual / Guarantee) = 1.010 (Ratio)

40.22 ($/Ton for Calorific) X 1.010 (Ratio) = 40.62 (Adjusted $/Ton)

.40 ($/Ton Difference Calorific vs Adjusted) X 5,936.17 (Tons Received) = 2,374.47

Retainage $ = 15,730.85

= —

(5,936.17 - 5,936.17)

0 (Tons plus or minus Rec'd vs Shipped) X 0 ($/Ton F.O.B. Mine) = 0

811

TOTAL DUE VENDOR = $18,105.32

Dbt 345-151-100 $2,374.47

Dbt 232-503 $15,730.85

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P O Box 107
85 East Hoel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-6777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6647
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9268

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 3/29/90

REPORT NO: 900329010M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: WASHED GULF POWER TRAIN / TIK-02
DESCRIPTION : GOVERNING SAMPLE
OBSERVED AND MAILED BY SCS FIELD REP. BOB FRAZIER
CS-0390-20

SAMPLED BY: CLIENT
DATE: 3/27/90

WEATHER: N/A
SAMPLE TYPE: N/A

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	PERCENT FIXED CARBON
AS RECEIVED	7.12	8.41	12620	2.93	N/A	N/A
DRY BASIS	N/A	9.06	13588	3.15	N/A	N/A
MAF	N/A	N/A	14942	N/A	N/A	N/A

REMARKS: LOCATION: DOTIKI MINE
P.O. #D08813

812

Submitted [illegible]

THIS DOCUMENT HAS BEEN [illegible]ED ON [illegible] PROOF PAPER FOR YOUR PROTECTION.

GULF POWER COMPANY
RAIL SHIPMENTS FOR PLANT SCHOLZ
SHIPPED BETWEEN 03/27/90 AND 03/27/90
APRIL, 19 1990

SHIP DATE	RAIL NO	LBS SHIP	TONS SHIP	DATE RECV	LBS RECV	TONS RECD	SAMPLE NUMBER	SHIP NO
03/27/90	B0161088	N/A	N/A	N/A	199800	99.90	MP167	TIK002
	B0162323	N/A	N/A	N/A	197460	98.73	MP167	TIK002
	B0162405	N/A	N/A	N/A	198500	99.25	MP153	TIK002
	B0163400	N/A	N/A	N/A	199960	99.98	MP157	TIK002
	B0185241	N/A	N/A	N/A	194500	97.25	MP153	TIK002
	B0185479	N/A	N/A	N/A	199460	99.73	MP162	TIK002
	B0185642	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	B0185785	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	B0186279	N/A	N/A	N/A	199460	99.73	MP167	TIK002
	B0198737	N/A	N/A	N/A	214880	107.44	MP157	TIK002
	C0157058	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	C0157952	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	C0191355	N/A	N/A	N/A	192100	96.05	MP153	TIK002
	C0191711	N/A	N/A	N/A	208340	104.17	MP159	TIK002
	C0358198	N/A	N/A	N/A	223300	111.65	MP167	TIK002
	C0806072	N/A	N/A	N/A	197660	98.83	MP157	TIK002
	C0806408	N/A	N/A	N/A	199280	99.64	MP162	TIK002
	C0814274	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT345908	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT346305	N/A	N/A	N/A	200160	100.08	MP162	TIK002
	CSXT801025	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT804263	N/A	N/A	N/A	192980	96.49	MP167	TIK002
	CSXT804351	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT804587	N/A	N/A	N/A	198400	99.20	MP162	TIK002
	CSXT806858	N/A	N/A	N/A	197380	98.69	MP162	TIK002
	CSXT807461	N/A	N/A	N/A	202560	101.28	MP157	TIK002
	CSXT808801	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT809240	N/A	N/A	N/A	196460	98.23	MP167	TIK002
	CSXT810668	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT811260	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT811787	N/A	N/A	N/A	200920	100.46	MP153	TIK002
	CSXT811943	N/A	N/A	N/A	200360	100.18	MP167	TIK002
	CSXT812385	N/A	N/A	N/A	197340	98.67	MP167	TIK002
	CSXT812498	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT813262	N/A	N/A	N/A	199860	99.93	MP167	TIK002
	CSXT814011	N/A	N/A	N/A	202200	101.10	MP167	TIK002
	CSXT823371	N/A	N/A	N/A	198980	99.49	MP167	TIK002
	CSXT825639	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT827723	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	CSXT830877	N/A	N/A	N/A	199540	99.77	MP167	TIK002
	CSXT831934	N/A	N/A	N/A	194140	97.07	MP153	TIK002
	HELX36539	N/A	N/A	N/A	N/A	N/A	N/A	TIK002
	HELX36910	N/A	N/A	N/A	202360	101.18	MP167	TIK002
	HELX36995	N/A	N/A	N/A	201280	100.64	MP167	TIK002
	HELX580212	N/A	N/A	N/A	197760	98.88	MP167	TIK002
	HELX580811	N/A	N/A	N/A	193420	96.71	MP153	TIK002
	HELX581281	N/A	N/A	N/A	200760	100.38	MP157	TIK002
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	UNI03531	N/A	N/A	N/A	197680	98.84	MP153	TIK002

813

GULF POWER COMPANY
RAIL SHIPMENTS FOR PLANT SCHOLZ
SHIPPED BETWEEN 03/27/90 AND 03/27/90
APRIL, 19 1990

SHIP DATE	RAIL NO	LBS SHIP	TONS SHIP	DATE RECV	LBS RECV	TONS RECD	SAMPLE NUMBER	SHIP T
03/27/90	LN193578	N/A	N/A	N/A	204600	102.30	MP153	TIK00
	LN193737	N/A	N/A	N/A	200240	100.12	MP153	TIK00
	LN552266	N/A	N/A	N/A	N/A	N/A	N/A	TIK00
	SBD340419	N/A	N/A	N/A	N/A	N/A	N/A	TIK00
	SBD340723	N/A	N/A	N/A	189320	94.66	MP167	TIK00
	SBD343494	N/A	N/A	N/A	199380	99.69	MP153	TIK00
	SBD347096	N/A	N/A	N/A	202640	101.32	MP159	TIK00
	SBD348983	N/A	N/A	N/A	203980	101.99	MP167	TIK00
	SBD349687	N/A	N/A	N/A	203140	101.57	MP153	TIK00
	SBD351005	N/A	N/A	N/A	N/A	N/A	N/A	TIK00
	WM199967	N/A	N/A	N/A	N/A	N/A	N/A	TIK00
					8206200	4103.10		
		0	0.00		8206200	4103.10		

CSX TRANSPORTATION

ORIGINAL BILL OF LADING

1

-20-90

JOYKIN, FLA

ROUTE: L & N DIRECT

DELIVER TO CONSIGNEE: GULF POWER [illegible]HOLZ PLANT

FOR THE ACCOUNT

FROM STATION ORIGIN: DOTIKI MINE - DOTIKI, KY

ACTUAL SHIPPER: [illegible]ERSTER COUNTY COAL CORPORATION

SHIPPED ACCOUNT OR BROKER:

UNIT TRAIN NUMBER: C89009578

SHIPPERS NUMBER: TRAIN #TIK-02

LOADED FULL VEHICLE CAPACITY: YES [X] NO [ ]

COLLECT [X] OR PREPAID [ ]

TOTAL NUMBER OF CARS: 60

	CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT
1	SBD [illegible]		26	SBD 348983		48	CSXT 345908	
2	LN - 193531		26	HELX 580811		50	812498	
3	193578		27	CSXT 811787		51	BO 185785	
4	SBD 349687		28	BO 186241		52	CSXT 801025	
5	BO 162405		29	CSXT 831934		53	LN 552266	
6	LN 193737		30	CO 191355		54	CO 814274	
7	193400		31	191711		56	157952	
8	BO 198737		32	SBD 347096		56	CSXT 808901	
	163400		33	BO 161088		57	157[illegible]	
10	CSXT 807461		34	SBD 340723		58	SBD 340419	
11	CO 806072		35	CSXT 811943		59	BO 185642	
12	HELX 581281		36	804263		60	SBD 351005	
13	CSXT 346305		37	BO 162323		61		
14	806858		38	HELX 580212		62		
15	804587		39	BO [illegible]79		63		
16	CO 806408		40	CO 28198		64	SCRIPT WEIGHT INDICATED	
17	BO 186479		41	[illegible] 813267		65	OF LADING ARE [illegible]	
18	CSXT 823371		42	[illegible]		66	[illegible] TO VERIFICATION [illegible]	
19	BO 9240		43	810668		68	[illegible] ON WEIGHING & INSP. BUR.	
20	[illegible] 26		44	804351		67	ACCORDING TO AGREEMENT.	
21			45	827723		68		
22	[illegible]		46	WM 199967		69		
23	12385		47	CSXT 825679		70		
24	B[illegible]2		48	HELX 36539				

SECTION 7 - [illegible] CARRIER SHALL NOT MAKE DELIVERY OF THIS SHIPMENT WITHOUT PAYMENT OF FREIGHT AND OTHER LAWFUL CHARGES.

EDSTER COUNTY COAL CORPORATION
P. O. BOX 045
TULSA, OK 74101-0565

[signature]

TIME AND DATE: 03 27-90

LOADING STARTED

UNLOADING

ENDED 2:02am

TOTAL [illegible] - 60 CARS

[illegible] TONS

[illegible] COAL

LOWEST THRU RATE [illegible]

WASHED

PAGE 1 OF 1

815

F = 210.13.3

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P O Box 907
85 East Noel Avenue
Madisonville Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 4/11/90

REPORT NO: 900411011M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: TIK-04 / WASHED GULF POWER TRAIN
DESCRIPTION : PRODUCER: DOTIKI MINE
CS-0490-8

SAMPLED BY: CLIENT
DATE: 4/09/90

WEATHER: N/A
SAMPLE TYPE: N/

	PERCENT MOISTURE	PER	BTU	ENT LFUR	PERCENT VOLATI	ARBON
AS RECEIVED	6.61		12831	2.91		
DRY BASIS	N/A		13725	3.12		N/A
MAF	N/A	N/A	14	N/A		N/A

REMARKS: L ON: DOTIKI M
IS A GOVERNI MPLE, OBSERV ED BY BOB
IER
O. #D 08813

8/6

Submitted by

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc
P O Box 907
85 East Noel Avenue
Madisonville Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 3/29/90

REPORT NO: 900329010M

SHORT PROXIMATE ANALYSIS

IDENTIFICATION: WASHED GULF POWER TRAIN / TIK-02
DESCRIPTION : GOVERNING SAMPLE.
OBSERVED AND MAILED BY SCS FIELD REP. BOB FRASIER
CS-0390-20

SAMPLED BY: CLIENT
DATE: 3/27/90

WEATHER: N/A
SAMPLE TYPE: N/A

	PERCENT MOISTURE	PERCENT ASH	BTU	PERCENT SULFUR	PERCENT VOLATILE	CARBON
AS RECEIVED	7.12	6	12620	2.93	N/A	A
DRY BASIS	N/A	6	13588	3.15	N	A
MAF	N/A	/A	14942	N/A		/A

REMARKS: LOCATION: DOTIKI MI
P D08813

817

Submitted by Kim Wallace

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O Box 907
85 East Nost Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-6777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

38429
STER COUNTY COAL COMPANY
IN: JERRY BATES
TE 2
Y KY 42404

DATE: 4/11/90

REPORT NO: 900404003M

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O Box 907
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-6777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-9288

ANALYSIS REPORT

038429
STER COUNTY COAL COMPANY
IN: JERRY BATES
TE 2
Y KY 42404

DATE: 4/11/90

REPORT NO: 900404003M

McCoy & McCoy Laboratories, Inc.
a subsidiary of McCoy & McCoy Inc.
P O. Box 907
85 East Noel Avenue
Madisonville, Kentucky 42431
Telephone 502/821-7375

Lexington, Ky. 606/233-7774
Louisville, Ky. 502/429-5777
Madisonville, Ky. 502/821-7375
Paducah, Ky. 502/444-6547
Pikeville, Ky. 606/432-3104
Evansville, In. 812/425-6288

ANALYSIS REPORT

WE038425
WEBSTER COUNTY COAL COMPANY
ATTN: JERRY BATES
ROUTE 2
CLAY KY 42404

DATE: 4/11/90

REPORT NO: 900404004M

KP 013 A

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

F- 210-13-3

PAGE 2
210.13.3

INVOICE NO 9003000223
INVOICE DATE 03/28/90
UNIT-TRAIN / PERMIT NUMBER = TIK-02
CONTRACT ID 0101900011891

CUSTOMER NO 0190A
CUSTOMER ORDER NO C89009578
ORIGINATING MINE DOTIKI

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151

PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 234A

SNEADS, FL 32460

---INVOICE---

1 CARLOADS CONTAINING 5,936.17 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	157,308.51
INVOICE TOTAL	26.50	157,308.51

PAYMENT DUE [illegible], 1990

PLEASE REMIT TO: P.O. BOX [illegible]
CHICAGO, ILL[illegible] 60673

Danny A Webb

Dbt 345-151-100 $157,308.51
CR 232-503 ($15,730.85) $141,577.66

K 013 0A

MAPCO COAL INC.
P.O. BOX 21623
TULSA, OK 74121-1529
918-581-1924

210.13.3

INVOICE NO 9003000223
INVOICE DATE 03/28/90
UNIT-TRAIN / PERMIT NUMBER = TIK-02
CONTRACT ID 0101900011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO 0190A
CUSTOMER ORDER NO
ORIGINATING MINE OCTIKI

SHIP DATE	CAR /TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
03-27-90	TIK 000002	0	0	118723	5936.17	26.50	157308.
	TOTAL				5,936.17		157,308.

822

F- 210, 13.3
~~210.13.3~~

K 0135 A

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

INVOICE NO 9004000050
INVOICE DATE 04/09/90
UNIT-TRAIN / PERMIT NUMBER = TIK-04
CONTRACT ID 0101900011891

CUSTOMER NO 0190A
CUSTOMER ORDER NO C89002578
ORIGINATING MINE 001KI

SOLD TO:
GULF POWER COMPANY
SUPERVISOR OF FUEL SUPPLY
P.O. BOX 1151

PENSACOLA, FL 325201151

SHIPPED TO:
GULF POWER COMPANY
V.L. JONES
SCHOLZ ELECTRIC GENERATING PLANT
ROUTE 1, BOX 234A

SNEADS, FL 32460

- - - I N V O I C E - - -

1 CARLOADS CONTAINING 5,960.54 TONS AT 26.50 PER TON

		DOLLARS
MINE PRICE/TON	26.50	157,954.31
INVOICE TOTAL	26.5[illegible]	157,954.31

PAYMENT DUE APR[illegible], 1990

PLEASE REMIT TO: P.O. BOX 70[illegible]
CHICAGO, ILLI[illegible]S 60673

Gary G Webb

D6: 315-151-100 $157,954.31
CREDIT 232-503 ($15,795.43) 6/12/1990

823

210.13.3

A 013504

MAPCO COAL INC.
P.O. BOX 21628
TULSA, OK 74121-1628
918-581-1924

PAGE 1

INVOICE NO 9004000050
INVOICE DATE 04/09/90
UNIT-TRAIN / PERMIT NUMBER = TIK-04
CONTRACT ID 0101900011891
SOLD TO GULF POWER COMPANY

CUSTOMER NO 01904
CUSTOMER ORDER NO
ORIGINATING MINE OCTIKI

SHIP DATE	CAR /TRAIN NUMBER	HUNDRED WEIGHT GROSS	TARE	NET	TONS	TON PRICE	TOTAL COST
04-09-90	TIK 000004	0	0	119211	5960.54	26.50	157954.
	TOTAL				5,960.54		157,954.

$142,158.66

824

Gulf Power Company
500 Bayfront Parkway
Post Office Box 1151
Pensacola, FL 32520-1151
Telephone 904 444-6111

F-2 10.13 3

Gulf Power
the southern electric system

February 9, 1990

Mapco Coal, Inc.
P.O. Box 21628
Tulsa, Oklahoma 74121-1628

Dear Sir:

The enclosed check for $19,926.13 is for the settlement of calorific adjustment and balances on coal as invoiced and received under our P.O. C-89-009578 for Plant Scholz. This is for rail shipments for the month of December, 1989 at $13.59 per ton freight rate.

Sincerely,

M. L. Gilchrist
Manager, Fuel and Environmental Affairs

LAW:dr

Enclosure

cc: Southern Company Services
Mr. Ken Jenkins
Mr. John Hester
Gulf Power Company
Accounts Payable

825

Scholz ELECTRIC GENERATING PLANT

SPOT COAL PAYMENT ADJUSTMENT FORM

December, 19 89

VENDOR Mapco Coals Inc. P.O. No. C 89009578

SHIPMENT NOTICE DATE	SHIPMENT NUMBER	TONS SHIPPED	PAYMENTS
12-18-89	WEB021	5,843.44	139,366.04
TOTALS		5,843.44	139,366.04

$/Ton 26.50 (F.O.B. Mine) + 13.59 (Freight) = 40.09 (Total)

MONTHLY WEIGHTED AVERAGE CALORIFIC ADJUSTMENT Btu/Lb 12740 / 12500 Actual / Guarantee = 1.019 Ratio

40.09 $/Ton for Calorific x 1.019 Ratio = 40.85 Adjusted $/Ton

.76 $/Ton Difference Calorific vs Adjusted x 5,843.44 Tons Received = 4,441.01

Based on Shipped Weights per RO.

Retainage $ = 15,485.12

Penalty Cost = —

( )

0 Tons plus or minus Rec'd vs Shipped x 0 $/Ton F.O.B. Mine = 0

826

TOTAL DUE VENDOR = $19,926.13

Dbt 345-151-1004 $4,441.01

Dbt 232-502 $15,485.12

COMMERCIAL TESTING & ENGINEERING CO.
GENERAL OFFICES: 1919 SOUTH HIGHLAND AVE., SUITE 210-B, LOMBARD, ILLINOIS 60148 • (312) 953-9300
SINCE 1908
Member of the SGS Group (Societe Generale de Surveillance)

December 21, 1989

PLEASE ADDRESS ALL CORRESPONDENCE
P.O. BOX 752, HENDERSON, KY 4
TELEPHONE: (502) 827-
FAX: (502) 826-

GULF POWER COMPANY
P. O. BOX 1151
PENSACOLA FL 32502

Sample identification by
Mapco

Shipper: Mapco Coal, Inc.
Location: Dotiki Mine
Unit Train #WEB-021
Train Tonnage: 5843.44

Kind of sample reported to us: Coal

Sample taken at: Dotiki Mine

Sample taken by: Mechanical Sampler

Date sampled: December 18, 1989

Date received: December 19, 1989

Analysis report no. 63-77759

SHORT PROXIMATE ANALYSIS

	As Received	Dry Basis	
% Moisture	6.56	xxxxx	
%Ash	8.40	8.99	
Btu/lb	12740	13634	MAF 14981
% Sulfur	2.93	3.14	

%Air-dry loss = 5.28
%8 Mesh residual moisture = 1.34

827

Respectfully submitted,
COMMERCIAL TESTING & ENGINEERING CO

Manager, Henderson Laboratory

Original Copy Watermarked For Your Protection

465

30 '89 11:27 SCHOLZ PLANT 904 [illegible]

[illegible] 1955836421 IN 2

1

ORIGINAL BILL OF LADING

Attn: Kim

-89

WAYBILL NUMBER

KIN, FLA

N DIRECT

F POWER - SCHOLZ PLANT

FROM STATION/ENG.
DOTIKI MINE - DOTIKI, KY

ACTUAL SHIPPER
WEBSTER COUNTY COAL CORPORATION

UNIT TRAIN NUMBER

VOLUME SHIPMENT YES ☐ NO ☐

SHIPPERS NUMBER
TRAIN #WEB-021

LOADED FULL VISIBLE CAPACITY YES ☒ NO ☐

COLLECT ☒ PREPAID ☐

TOTAL NUMBER OF CARS 60

	CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT		CAR INITIALS & NUMBERS	TARE WEIGHT
	CSXT - 806359		25	CSXT - 341835		49	LN - 193847	
	80 - 197081		26	SBD - 341887		50	SBD - 341687	
	3809		27	341933		51	CSXT - 341952	
	SBD - 350362		28	CSXT - 341956		52	SBD - 341523	
	CSXT - 814156		29	SBD - 341666		53	341360	
	813482		30	CSXT - 341808		54	34.276	
	809408		31	341888		55	LN - 193813	
	810594		32	LN - 193739		56	CSXT - 813107	
	[illegible]5		33	SBD - 341769		57	CO - 191550	
	158842		34	LN - 550124		58	SBD - 341671	
	SXT - 809087		35	SBD - 347818		59	BO - 185043	
	813395		36	LN - 193456		60	CO - 67436	
	810363		37	SBD - 341676		61		
	813636		38	LN - 193526		62		
	- 159670		39	SBD - 341830		63		
	810845		40	CSXT - 341673		64		
	SBD - 341677		41	SBD - 341896		65		
	341725		42	CSXT - 341875		66		
	41620		43	SBD - 341640		67	THE DESCRIPTION AND WEIGHT INDICATED ON THIS BILL OF LADING ARE CORRECT,	
			44	LN - 193587		68	SUBJECT TO VERIFICATION BY THE [illegible] WEIGHING & [illegible] BUR-	
			45	193547		69	ACCORDING TO AP	
			46	193844		70		
			47	193899		71		

828

[illegible]

:83 - 20

SCHOLZ ELECTRIC GENERATING ...

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY)

SAMPLE NO. (SCHOLZ ONLY) 141

PURCHASE ORDER NO.

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
C0158524 ✓				
(18) ✓ B&O 198453	January 2, 1990	272,780	58,300	214,480
✓ B&O 187230	ditto	258,600	56,400	202,200
✓ CRR 56953	ditto	264,400	59,900	204,500
✓ CSXT 351338	ditto	264,520	60,000	204,520
✓ C&O 157130	ditto	258,360	58,200	200,160
✓ CSXT 358485	ditto	267,240	59,500	207,740
✓ C&O 808479	ditto	250,880	56,900	193,980
✓ CSXT 343329	ditto	255,340	62,600	192,740
✓ CSXT 808786	ditto	261,720	58,200	203,520
✓ CSXT 814447	ditto	270,140	58,300	211,840
✓ B&O 83621	ditto	254,780	55,300	199,480
✓ WM 189447	ditto	254,880	58,500	196,380
✓ HELX 581440	ditto	258,140	59,000	199,140
✓ C&O 808151	ditto	251,860	58,400	193,460
TOTAL LBS. IF IN LBS		3,643,640	819,500	2,824,140
			TOTAL TONS	1,412.07

Prepared By: Kim Ryan

Date: 1/8/90

Approved By: Delmar L Reed

Date: 1-8-90

3-00140

839

PAGE 1 OF 1

SCHOL ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 2/89

SAMPLE NO. - 141 TONNAGE - 1412.07

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	995.7	
	PAN & WET SAMPLE WEIGHT	1995.7	
	PAN & DRY SAMPLE WEIGHT	1924.3	
	AIR DRY MOISTURE WEIGHT	71.4	
***	AIR DRY MOISTURE = 71.4 / 1000 GRAMS =		7.14 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 27 BALANCED WEIGHT	17.4757	
	NET WET SAMPLE WEIGHT	3.0005	
	CRUCIBLE & WET SAMPLE WEIGHT	20.4762	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.4377	
	60 MESH OVEN MOISTURE WEIGHT	0.0385	
***	OVEN MOISTURE OF A SAMPLE = 0.0385 GRAMS / 3.0 GRAMS =		1.28 %
***	TOTAL MOISTURE = (100 - 7.14)/100 X 1.28 % + 7.14 % =		8.33 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.7548	
	CRUCIBLE NO. 27 BALANCED WEIGHT	17.4757	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2791	
***	DRY BASIS ASH =0.2791 / (3.0 - 0.0385) =		9.42 %
***	AS RECEIVED ASH = 9.42 X (100.00 - 8.33) =		8.64 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.74 %
***	AS RECEIVED SULFUR = 2.74 X (100 - 7.14)/100 =	2.54 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13279 BTU/LB
***	AS RECEIVED BTU = 13279 X (100.00 - 7.14)/100 =	12331 BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14850 BTU/LB

PREPARED BY L. Bowe

DATE 01-16-1990

APPROVED Raymond Weller

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Final Report

DATE	01/03/90
TIME	1525 Hrs
CAL. ID	101
SAMPLE ID	141
SAMPLE WT.	1.0006
INIT. TEMP	25.377
FINAL TEMP	28.481
TEMP RISE	3.1047
ACID (C2)	40
SULFUR (C2)	35.6
FUSE (C3)	10
F VALUE	1487.7
GROSS HEAT	13279.
UNITS	BTU/LB

830

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 142

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓WM 188246	January 3, 1990	258,360	56,700	201,660
✓CSXT 813107	ditto	263,420	58,100	205,320
✓L&N 193813	ditto	267,000	64,600	202,400
✓SBD 341876	ditto	267,300	63,800	203,500
✓SBD 341860	ditto	255,700	63,200	192,500
✓SBD 341523	ditto	264,560	61,000	203,560
✓CSXT 341952	ditto	235,600	63,800	171,800
✓CSXT 341558	ditto	266,640	62,400	204,240
✓C&O 16338	ditto	264,440	59,000	205,440
✓HELX 580527	ditto	260,060	60,000	200,060
✓CSXT 348694	ditto	265,260	63,000	202,260
✓CSXT 346052	ditto	268,340	68,800	199,540
✓SBD 341106	ditto	262,340	58,400	203,940
✓CSXT 808723	ditto	259,340	55,100	204,240
✓C&O 157171	ditto	260,400	59,200	201,200
✓CSXT 342218	ditto	267,440	63,900	203,540
✓CSXT 814580	ditto	260,500	58,100	202,400
✓HELX 581532	ditto	263,640	57,900	205,740
✓SBD 349791	ditto	271,340	63,800	207,540
✓CSXT 351279	ditto	261,760	60,000	201,760
		1-19		
		2-20		
TOTAL LBS. IF IN LBS		5,243,440	1,220,800	4,022,640 ✓

TOTAL TONS 2,011.32

3-00140

831

Prepared By: _____

Date: _____

Approved By: Robin L Reed

PAGE 1 OF 1

SCHC . ELECTRIC GENERATING PLAN

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 3/89

SAMPLE NO. - 142 TONNAGE - 2011.32

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1027.6	
PAN & WET SAMPLE WEIGHT	2027.6	
PAN & DRY SAMPLE WEIGHT	1952.4	
AIR DRY MOISTURE WEIGHT	75.2	
*** AIR DRY MOISTURE = 75.2 / 1000 GRAMS =		7.52 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 8 BALANCED WEIGHT	17.9561	
NET WET SAMPLE WEIGHT	3.0007	
CRUCIBLE & WET SAMPLE WEIGHT	20.9568	
CRUCIBLE & DRY SAMPLE WEIGHT	20.9206	
60 MESH OVEN MOISTURE WEIGHT	0.0362	
*** OVEN MOISTURE OF A SAMPLE = 0.0362 GRAMS / 3.0 GRAMS =		1.21 %
*** TOTAL MOISTURE = (100 - 7.52)/100 X 1.21 % + 7.52 % =		8.64 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.2295	
CRUCIBLE NO. 8 BALANCED WEIGHT	17.9561	
BALANCED WEIGHT OF RESIDUAL ASH	0.2734	
*** DRY BASIS ASH =0.2734 / (3.0 - 0.0362) =		9.22 %
*** AS RECEIVED ASH = 9.22 X (100.00 - 8.640001) =		8.42 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.94 %
*** AS RECEIVED SULFUR = 2.94 X (100 - 7.52)/100 =	2.72 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13280 BTU/LB
*** AS RECEIVED BTU = 13280 X (100.00 - 7.52)/100 =	12281 BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14803 BTU/LB

PREPARED BY L Ford

DATE 01-16-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE	01/04/90
TIME	1249 HRS
CAL. ID	101
SAMPLE ID	142
SAMPLE WT.	1.0007
INIT. TEMP	25.833
FINAL TEMP	29
TEMP RISE	3.1868
ASH (%)	40.6
SULFUR (%)	38.2
FUSE (C)	19
F VALUE	2307.7
GROSS HEAT	13280
UNITS	BTU/LB

832

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY)

SAMPLE NO. (SCHOLZ ONLY) 143

PURCHASE ORDER NO.

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR

COAL FILES

FUEL SERVICES/SCS

PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ SBD 341749	January 4, 1990	269,380	61,400	207,980
✓ SBD 341782	ditto	268,000	63,100	204,900
✓ B&O 189216	ditto	259,020	58,100	200,920
✓ CSXT 348473	ditto	267,860	60,900	206,960
✓ L&N 193872	ditto	205,740	62,400	143,340
✓ L&N 193724	ditto	268,400	64,000	204,400
✓ CSXT 341932	ditto	270,780	62,900	207,880
✓ B&O 199260	ditto	279,360	56,400	222,960
✓ CSXT 804486	ditto	262,860	57,400	205,460
✓ C&O 142371	ditto	222,820	51,100	171,720
TOTAL LBS. IF IN LBS		2,974,220	597,700	1,976,520 ✓
			TOTAL TONS	988.26

3-00140

433

Prepared By: Kimi Ross

Date: 1/8/90

Approved By:

PAGE 1 OF 1

SCHOI ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 4/89

SAMPLE NO. - 143 TONNAGE - 986.26

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	995.6	
PAN & WET SAMPLE WEIGHT	1995.6	
PAN & DRY SAMPLE WEIGHT	1932.8	
AIR DRY MOISTURE WEIGHT	62.8	
*** AIR DRY MOISTURE = 62.8 / 1000 GRAMS =		6.28 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 27 BALANCED WEIGHT	17.4755	
NET WET SAMPLE WEIGHT	3.0008	
CRUCIBLE & WET SAMPLE WEIGHT	20.4763	
CRUCIBLE & DRY SAMPLE WEIGHT	20.4363	
60 MESH OVEN MOISTURE WEIGHT	0.0400	
*** OVEN MOISTURE OF A SAMPLE = 0.0400 GRAMS / 3.0 GRAMS =		1.33 %
*** TOTAL MOISTURE = (100 - 6.28)/100 X 1.33 % + 6.28 % =		7.53 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	17.7504	
CRUCIBLE NO. 27 BALANCED WEIGHT	17.4755	
BALANCED WEIGHT OF RESIDUAL ASH	0.2749	
*** DRY BASIS ASH =0.2749 / (3.0 - 0.0400) =		9.28 %
*** AS RECEIVED ASH = 9.28 X (100.00 - 7.53) =		8.58 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 6.28)/100 =	2.69 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13256 BTU/LB
*** AS RECEIVED BTU = 13256 X (100.00 - 6.28)/100 =	12423 BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14809 BTU/LB

PREPARED BY [signature]

DATE 01-16-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Final Report

DATE	01/05/90
TIME	1050 HRS
CAN. ID	1R1
SAMPLE ID	143
SAMPLE WT.	1.0007
INIT. TEMP	25.325
FINAL TEMP	28.425
TEMP RISE	3.0999
MOISTURE (G1)	35.3
SULFUR (G2)	37.3
FUSE (G3)	15
F VALUE	2487.7
GROSS HEAT	13256
UNITS	BTU/LB

834

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 144

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓CSXT 825893	January 5, 1990	258,280	58,300	199,980
✓SBD 370007	ditto	266,060	61,000	205,060
✓B&O 187667	ditto	257,340	56,600	200,740
✓C&O 160258 85 20	ditto	255,440	55,100	200,340
✓L&N 193893	ditto	262,780	62,400	200,380
✓CRR 58330	ditto	265,000	60,900	204,100
✓CRR 57940	ditto	271,080	63,400	207,680
✓CSXT 370071	ditto	261,600	60,800	200,800
✓SBD 347612	ditto	265,420	63,400	202,020
✓CSXT 347192 18	ditto	262,100	60,900	201,200
✓HELX 581078	ditto	264,400	59,900	204,500
✓SBD 350844	ditto	270,700	64,300	206,400
✓CSXT 828794	ditto	257,160	56,500	200,660
✓CSXT 825799	ditto	259,100	56,300	202,800
✓WM 85082	ditto	212,400	56,700	155,700
✓CSXT 348221	ditto	266,400	61,600	204,800
✓C&O 69636	ditto	258,520	55,900	202,620
✓C&O 77569	ditto	260,280	56,400	203,880
✓L&N 551170	ditto	270,440	63,700	206,740
✓C&O 142934	ditto	210,020	50,400	159,620
✓CSXT 370397	ditto	267,220	60,000	207,220
✓SBD 370103	ditto	267,640	60,900	206,740
TOTAL LBS. IF IN LBS		5,689,380	1,305,400	4,383,980

TOTAL TONS 2,191.99

3-00140

835

Prepared By: _____

Date: _____

Approved By: Robert L. Reed

PAGE 1 OF 1

SCHOL ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 5/89

SAMPLE NO. - 144 TONNAGE - 2191.99

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	1027.8	
PAN & WET SAMPLE WEIGHT	2027.8	
PAN & DRY SAMPLE WEIGHT	1962.4	
AIR DRY MOISTURE WEIGHT	65.4	
*** AIR DRY MOISTURE = 65.4 / 1000 GRAMS =		6.54 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 8 BALANCED WEIGHT	17.9571	
NET WET SAMPLE WEIGHT	3.0019	
CRUCIBLE & WET SAMPLE WEIGHT	20.9590	
CRUCIBLE & DRY SAMPLE WEIGHT	20.9170	
60 MESH OVEN MOISTURE WEIGHT	0.0420	
*** OVEN MOISTURE OF A SAMPLE = 0.0420 GRAMS / 3.0 GRAMS =		1.40 %
*** TOTAL MOISTURE = (100 - 6.54)/100 X 1.4 % + 6.54 % =		7.85 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	18.2239	
CRUCIBLE NO. 8 BALANCED WEIGHT	17.9571	
BALANCED WEIGHT OF RESIDUAL ASH	0.2668	
*** DRY BASIS ASH =0.2668 / (3.0 - 0.0420) =		9.01 %
*** AS RECEIVED ASH = 9.01 X (100.00 - 7.85) =		8.30 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.80 %
*** AS RECEIVED SULFUR = 2.8 X (100 - 6.54)/100 =	2.62 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13310 BTU/LB
*** AS RECEIVED BTU = 13310 X (100.00 - 6.54)/100 =	12439 BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14036 BTU/LB

PREPARED BY L Ross

DATE 01-16-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 30017C-A

FINAL REPORT

DATE	01/05/90
TIME	0364 HRS
CAL. ID	101
SAMPLE ID	144
SAMPLE WT.	1.0004
WAIT. TEMP	25.240
FINAL TEMP	28.32
TEMP RISE	3.1115
[illegible] (1)	39.4
SULFUR (2)	36.4
TARE (3)	13
BTU VALUE	13407.7
GROSS HEAT	13310
UNITS	BTU/LB

836

SCHOLZ ELECTRIC GENERATING PLANT

JAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 145

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ B&O 162167	January 6, 1990	268,440	57,400	211,040
✓ C&O 183633	ditto	266,040	56,500	209,540
✓ C&O 358454	ditto	292,740	62,900	229,840
✓ L&N 197579	ditto	275,240	62,100	213,140
✓ SBD 344776 18	ditto	261,400	61,700	199,700
✓ L&N 193374 18	ditto	253,400	58,300	195,100
✓ SBD 346446	ditto	275,740	61,600	214,140
✓ CRR 58567	ditto	272,820	63,200	209,620
✓ CSXT 347409	ditto	271,400	62,800	208,600
✓ L&N 551481	ditto	272,020	63,500	208,520
✓ CSXT 830323	ditto	260,680	58,000	202,680
✓ SBD 347579	ditto	272,460	61,800	210,660
✓ CSXT 828447	ditto	256,400	57,900	198,500
✓ WM 188189	ditto	264,520	58,300	206,220
✓ CSXT 820217	ditto	252,600	56,900	195,700
✓ CSXT 349437	ditto	265,740	63,100	202,640
✓ CSXT 160243 22	ditto	257,040	56,700	200,340
✓ SBD 345479	ditto	265,340	62,800	202,540
✓ C&O 61630	ditto	243,320	55,800	187,520
✓ C&O 77899	ditto	252,480	56,200	196,280
✓ CSXT 802009	ditto	250,480	57,400	193,080
✓ CSXT 807180	ditto	254,620	57,700	196,920
TOTAL LBS. IF IN LBS		5,804,920	1,312,600	4,492,320 ✓
			TOTAL TONS	2,246.16

3-00140

PAGE 1 OF 1

837

Prepared By: Terri Reed

Date: 1/9/90

Approved By: Kathi L Reed

Date: 1-9-90

SCHO. ELECTRIC GENERATING PLAN.

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 6/89

SAMPLE NO. - 145 TONNAGE - 2246.16

AIR DRY MOISTURE DETERMINATION

PAN WEIGHT	365.6	
PAN & WET SAMPLE WEIGHT	1965.6	
PAN & DRY SAMPLE WEIGHT	1873.5	
AIR DRY MOISTURE WEIGHT	92.1	
*** AIR DRY MOISTURE = 92.1 / 1000 GRAMS =		9.21 %

OVEN MOISTURE DETERMINATION

CRUCIBLE NO. 1 BALANCED WEIGHT	18.7475	
NET WET SAMPLE WEIGHT	3.0002	
CRUCIBLE & WET SAMPLE WEIGHT	21.7477	
CRUCIBLE & DRY SAMPLE WEIGHT	21.7062	
60 MESH OVEN MOISTURE WEIGHT	0.0415	
*** OVEN MOISTURE OF A SAMPLE = 0.0415 GRAMS / 3.0 GRAMS =		1.38 %
*** TOTAL MOISTURE = (100 - 9.21)/100 X 1.38 % + 9.21 % =		10.46 %

ASH DETERMINATION

WEIGHT OF THE CRUCIBLE AND ASH	19.0276	
CRUCIBLE NO. 1 BALANCED WEIGHT	18.7475	
BALANCED WEIGHT OF RESIDUAL ASH	0.2801	
*** DRY BASIS ASH =0.2801 / (3.0 - 0.0415) =		9.47 %
*** AS RECEIVED ASH = 9.47 X (100.00 - 10.46) =		8.48 %

SULFUR DETERMINATION

*** AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	2.87 %
*** AS RECEIVED SULFUR = 2.87 X (100 - 9.21)/100 =	2.61 %

BTU VALUE DETERMINATION

*** GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13264	BTU/LB
*** AS RECEIVED BTU = 13264 X (100.00 - 9.21)/100 =	12043	BTU/LB
*** MOISTURE AND ASH FREE BTU HEAT VALUE =	14857	BTU/LB

PREPARED BY K Bates

DATE 01-16-1990

APPROVED Raymond Walker

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

FINAL REPORT

DATE	01/06/89
TIME	0547 HRS
CAL. ID	102
SAMPLE ID	145
SAMPLE WT.	1.0011
INIT. TEMP	24.366
FINAL TEMP	25.071
TEMP RISE	3.1051
HEAT (C1)	40.6
SULFUR (C2)	37.3
FUSE (C3)	18
F VALUE	2486.7
GROSS HEAT	13264
UNITS	BTU/LB

838

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 146

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:
ORIGINAL: ACCOUNTS PAYABLE
COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ CSXT 814791	January 7, 1990	260,120	58,600	201,520
✓ C&O 192114	ditto	249,440	59,400	190,040
✓ CSXT 811787	ditto	256,340	57,500	198,840
✓ CSXT 815968 22	ditto	253,520	59,100	194,420
✓ C&O 806475	ditto	257,760	58,600	199,160
✓ C&O 358554	ditto	262,780	62,800	199,980
✓ CSXT 803968	ditto	252,040	57,900	194,140
✓ CSXT 830650	ditto	256,560	57,600	198,960
✓ HELX 18918	ditto	261,440	62,200	199,240
✓ C&O 192358	ditto	265,500	59,500	206,000
✓ C&O 808639	ditto	263,500	57,800	205,700
✓ WM 189757	ditto	265,120	57,400	207,720
✓ C&O 807725	ditto	264,180	57,900	206,280
✓ C&O 807676	ditto	264,000	57,300	206,700
✓ HELX 581284	ditto	259,020	58,100	200,920
✓ B&O 162002	ditto	265,960	57,200	208,760
✓ CSXT 346686	ditto	275,500	61,600	213,900
✓ C&O 358418	ditto	278,680	60,400	218,280
✓ B&O 802894	ditto	268,120	57,900	210,220
✓ SBD 347480	ditto	260,060	63,500	196,560
TOTAL LBS. IF IN LBS		5,239,640	1,182,300	4,057,340 ✓
			TOTAL TONS	2,028.67

3-00140

Prepared By: Terri Ross

Date: 1/9/90

PAGE 1 OF 1

839

Approved By: Robin L. Rucci

Date: 1-9-90

SCHOL ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 7/89

SAMPLE NO. - 146 TONNAGE - 2028.67

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1017.5	
	PAN & WET SAMPLE WEIGHT	2017.5	
	PAN & DRY SAMPLE WEIGHT	1925.8	
	AIR DRY MOISTURE WEIGHT	91.7	
***	AIR DRY MOISTURE = 91.7 / 1000 GRAMS =		9.17 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 3 BALANCED WEIGHT	17.2731	
	NET WET SAMPLE WEIGHT	3.0002	
	CRUCIBLE & WET SAMPLE WEIGHT	20.2733	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.2298	
	60 MESH OVEN MOISTURE WEIGHT	0.0435	
***	OVEN MOISTURE OF A SAMPLE = 0.0435 GRAMS / 3.0 GRAMS =		1.45 %
***	TOTAL MOISTURE = (100 - 9.17)/100 X 1.45 % + 9.17 % =		10.49 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.5461	
	CRUCIBLE NO. 3 BALANCED WEIGHT	17.2731	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2730	
***	DRY BASIS ASH =0.2730 / (3.0 - 0.0435) =		9.23 %
***	AS RECEIVED ASH = 9.23 X (100.00 - 10.49) =		8.26 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.00 %
***	AS RECEIVED SULFUR = 3 X (100 - 9.17)/100 =	2.72 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13289 BTU/LB
***	AS RECEIVED BTU = 13289 X (100.00 - 9.17)/100 =	12070 BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14856 BTU/LB

PREPARED BY K Rowe

DATE 01-16-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

Filter Report

DATE	01/07/89
TIME	1027 HRS
CRUC. ID	101
SAMPLE ID	146
SAMPLE WT.	1
INIT. TEMP	25.025
FINAL TEMP	25.13
TEMP RISE	0.1067
MOIST (0.1)	10
SULFUR (0.2)	30
ASH (0.3)	60
K VALUE	1987.7
GROSS HEAT	13289
BTU/LB	BTU/LB

840

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 147

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
✓ CSXT 821370	January 8, 1990	261,300	55,500	205,800
✓ SBD 309723	ditto	214,020	54,000	160,020
✓ L&N 193520	ditto	268,040	61,100	206,940
✓ SBD 341623	ditto	269,800	61,900	207,900
✓ SBD 341747	ditto	269,660	63,600	206,060
✓ SBD 341636	ditto	269,840	61,600	208,240
✓ CSXT 347629	ditto	271,340	63,800	207,540
✓ SBD 340393	ditto	268,820	60,000	208,820
✓ SBD 340482	ditto	269,260	59,300	209,960
✓ C&O 811320	ditto	267,060	57,800	209,260
✓ CSXT 825721	ditto	260,840	56,300	204,540
✓ CSXT 804138	ditto	266,740	58,300	208,440
✓ CSXT 832762	ditto	235,900	58,400	177,500
✓ HELX 580828	ditto	252,740	56,400	196,340
✓ C&O 63467	ditto	258,220	56,100	202,120
✓ SBD 341827	ditto	268,740	61,900	206,840
✓ B&O 163503	ditto	259,020	56,600	202,420
	CD 61180			
	WM 198713			
	CSXT 810460			
TOTAL LBS. IF IN LBS		4,431,340	1,002,600	3,428,740 ✓

TOTAL TONS 1,714.37

3-00140

Prepared By: Kim Ross

Date: 1/9/90

PAGE 1 OF 1

841

Approved By: Robin L Kirk

Date: 1-9-90

SCHOL ELECTRIC GENERATING PLANT

*** COAL ANALYSIS CALCULATION REPORT ***

AS RECEIVED MAPCO FOR 1/ 8/89

SAMPLE NO. - 147 TONNAGE - 1714.37

AIR DRY MOISTURE DETERMINATION

	PAN WEIGHT	1003.8	
	PAN & WET SAMPLE WEIGHT	2003.8	
	PAN & DRY SAMPLE WEIGHT	1909.9	
	AIR DRY MOISTURE WEIGHT	94.0	
***	AIR DRY MOISTURE = 94.0 / 1000 GRAMS =		9.399999 %

OVEN MOISTURE DETERMINATION

	CRUCIBLE NO. 27 BALANCED WEIGHT	17.4758	
	NET WET SAMPLE WEIGHT	3.0017	
	CRUCIBLE & WET SAMPLE WEIGHT	20.4775	
	CRUCIBLE & DRY SAMPLE WEIGHT	20.4377	
	60 MESH OVEN MOISTURE WEIGHT	0.0398	
***	OVEN MOISTURE OF A SAMPLE = 0.0398 GRAMS / 3.0 GRAMS =		1.33 %
***	TOTAL MOISTURE = (100 - 9.399999)/100 X 1.33 % + 9.399999 % =		10.60 %

ASH DETERMINATION

	WEIGHT OF THE CRUCIBLE AND ASH	17.7506	
	CRUCIBLE NO. 27 BALANCED WEIGHT	17.4758	
	BALANCED WEIGHT OF RESIDUAL ASH	0.2748	
***	DRY BASIS ASH =0.2748 / (3.0 - 0.0398) =		9.28 %
***	AS RECEIVED ASH = 9.28 X (100.00 - 10.6) =		8.30 %

SULFUR DETERMINATION

***	AS DETERMINED SULFUR(AS INDICATED ON PRINTOUT BELOW) =	3.07 %
***	AS RECEIVED SULFUR = 3.07 X (100 - 9.399999)/100 =	2.78 %

BTU VALUE DETERMINATION

***	GROSS BTU VALUE(AS INDICATED ON PRINTOUT BELOW) =	13337 BTU/LB
***	AS RECEIVED BTU = 13337 X (100.00 - 9.399999)/100 =	12084 BTU/LB
***	MOISTURE AND ASH FREE BTU HEAT VALUE =	14899 BTU/LB

PREPARED BY [signature]

DATE 01-16-1990

APPROVED Raymond Walden

- DISTRIBUTION -

ORIGINAL - LAB FILES
COPY - P.S. FUEL ANALYST

FORM 300176-A

842

SCHOLZ ELECTRIC GENERATING PLANT

COAL RECEIVING REPORT

COAL VENDOR MAPCO COALS, INC.

VESSEL NAME (SMITH ONLY) _____

SAMPLE NO. (SCHOLZ ONLY) 148

PURCHASE ORDER NO. _____

DISTRIBUTION 151 - 10 53

DISTRIBUTION OF COPIES:

ORIGINAL: ACCOUNTS PAYABLE

COPIES: LAB FILE/VENDOR
COAL FILES
FUEL SERVICES/SCS
PS FUEL ANALYST

BARGE OR RAIL CAR NUMBER	DATE SCALED OR WEIGHED	FULL WEIGHT (LBS)	EMPTY WEIGHT (LBS)	NET WEIGHT (LBS)
WM 188713	January 12, 1990	263,540	57,400	206,140
CSXT 810466	ditto	260,500	57,800	202,700
C&O 61180	ditto	260,940	55,400	205,540
TOTAL LBS. IF IN LBS		784,980	170,600	614,380
			TOTAL TONS	307.19

3-00140

PAGE 1 OF 1

843

Prepared By: Kevin Ford

Date: 1/12/90

Approved By: Robin L Ford

Date: 1-12-90

FUEL SERVICES
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202

Firm:
Webster County Coal Corporation
1509 Johnson Ferry Road
Marietta, GA 30062

Power Company:
Gulf Power Company

Change Order Number:
001

Purchase Order Number:
C-89-009578

Requisition Number:
65138

Make the following changes to the above requisition or purchase order

---

Amend this order to delete CT&E as the governing lab for payment purposes and add McCoy and McCoy, Madisonville, Kentucky as the governing lab for payment purposes effective 12/19/89.

All other conditions of subject order will continue to apply

Prepared by J.M. Walding PA

Date

Approved

Approved

844

MAPCO COAL INC.

Charles R. Reaser
Regional Sales Manager
(205) 871-2560
Telecopier (205) 871-2566

October 31, 1989

Post-it™ brand fax transmittal memo 7671	# of pages ▸
To TOMMY STANLEY	From JOHN HESTER
Co. GULF	Co. SCS
Dept. FUEL	Phone # 877-2866
Fax #	Fax #

Mr. Larry A. Washington
Fuel Procurement Department
P. O. Box 2625
Birmingham, AL 35202

Dear Larry:

In reference to your recent spot coal solicitation for Plants Smith, Scholz and Crist, Mapco Coal would like to propose for your consideration production from our Detiki Mine.

Due to production constraints, we will have only 10,000 tons per month over the six month term requested.

We would like to request that the coal be weighted and sampled at the mine. Our belt scales and sampling systems meet ASTM approval and an independent lab will be available for analysis of the coal. Our facilities have been evaluated by Commercial Testing but they are available for your inspection and approval.

This proposal is submitted subject to prior sale pending notification of your intent to purchase any or all the proposed tonnage, also Mapco Board approval.

Should you have questions or need additional information, do not hesitate to call.

Sincerely,

Charles Reaser

TO TOMMY:

THIS IS THE ORIGINAL MAPCO BID LETTER. MAPCO DID REQUEST MINE WEIGHTING + SAMPLING.

John Hester 845

al Sales Proposal

ructions: Submit sealed Bid on this form prior to deadline to:

Southern Company Services, Inc.
Attention: Fuel Procurement Department
(Gulf) Power Company Coal Sales Proposal Enclosed)
P.O. Box 2625
Birmingham, AL 35202

Southern Company Services

...ducer Information

...er Company	P.O. No. If Currently Shipping	Steam Plant Preference	Date of Submittal
Gulf Power		Scholz	10/31/89

...ducer		Producer's Mailing Address	Producer's Street Address
Webster County Coal Corp.		Suite 190	1509 Johnson Ferry Rd.

...	State	Zip Code	Phone	Producer Contact (Name)
Marietta	GA	30062	404/977-2622	Charles Reasor

...ker

Broker's Mailing Address

...	State	Zip Code	Phone	Broker's Contact (Name)

...ntity and Price

...antity Per Month (Tons)	Term (No. of Months)	Price Per Ton	F.O.B.
10,000	6	$26.50	Mine

...mments

We regret that we only have a limited amount of tonnage available, but we appreciate the opportunity of supplying a portion of your coal requirements.

...n and Transportation

...me of Mine	County, State	Section	Township	Range	Mine Union / Trucking Union
Dotiki	Webster, Kentucky		Clay		

...ense No.	Permit No.	Seams To Be Mined	Mining Method(s)
	15-02131	Kentucky #9	Conventional

...Trip	Transportation Method(s)	Loading Point(s) If rail, include "open & prepay" station number. If barge, include river and mile no.	Name of Carrier
9	CSX Rail	CSX, Dotiki, Kentucky-Barge Mt. Vernon Coal Transfer - 829.0 Ohio River	CSX

...aranteed Coal Specifications "As Received"

...aranteed BTU/lb.	Ash (Max.)	Moisture (Max.)	Sulfur			Grindability		Volatile (Min.)
12,500	9%	7%	Min. 2.6	Avg. 2.89	Max. 3.1	Min. 55	Max. 60	36

...Fusion Temperature (Min.) ...W, Reducing Atmosphere)	Size	Crushed, Run of Mine, Washed? Describe	Fixed Carbon
2200	2X0	Washed 100%	47.0

...user and Broker (if applicable) acknowledge receipt of the Terms and Conditions to be ...a part of any purchase order agreement and agree to be bound thereto if this coal sales ...coal is accepted. Notice: If seller of this coal is not the producer and if the Producer- ...er Statement has not been completed in qualifying as a Spot Coal Supplier, complete ...Producer-Broker Statement on reverse side.

Proposal Submitted By:

Producer (Signature)

Broker (Signature)

...r Southern Company Services' Use Only

...te

☐ Accepted As Bid ☐ Accepted As Modified ☐ Bid Declined

...D. Number	Req. Number	M/C Number	Tariff Number/Group Number	Plant Destination

...art Date	Expiration Date	Description of Change

...ce Per Ton F.O.B. ( )

...t

...ing

...elivered $/Ton

...elivered $/MBTU

Notes

846

...rm No. 6-1988

Purchase Requisition

Gulf Power

Item	Vendor	INFORMATION COPY - INITIALS C/O	SHIP TO	REQUISITION NUMBER
	Webster County Coal Corp. 1509 Johnson Ferry road Marietta, GA 30062	AHJ	Scholz generating Plant	6513

Order Date	Purchase Order No	Date Required	Shipment Promised	Ship Via	Work Required by Vendor on GP Property
12/19/89	C-89-009578	See Below			Yes No
FOB		Terms See Below	Shipment From See Below		
TO BE USED FOR					Technical Evaluation Required Yes No

Item	Description	Quantity	LOC	FERC	SUB	WORK ORDER	TEA
	Approximately 10,000 tons of coal per month for a total of 60,000 tons of coal to be shipped January 1990 through June 1990. coal will be shipped via CSX from Dotiki, Kentucky. Coal is to be produced by Webster County Coal Corp. from the Dotike Mine. The Dotiki Mine, Permit No. 15-01231 and License No. 8987 is located in Webster County, KY. The coal is to be a washed Kentucky No. 9 Seam product. The price F.O.B. the railcar at Dotiki, KY is $26.50 per ton. The guaranteed Btu/lb is 12,500 making a guaranteed price F.O.B. Dotiki of $1.0600/MMBtu. This coal may also be shipped by barge to Plants Crist and Smith. The price f.o.b. barge at Mt. Vernon Coal Transfer Terminal, M.P. 829.0 on the Ohio River is $26.50.						
	Guaranteed Specifications:						
	Btu/lb. 12,500						
	Ash % 9.0 max.						
	Moisture % 7.0 max.						
	Sulfur % 2.6 min.						
	3.1 max.						
	Grindability 55 min.						
	60 max.						
	Volatile Matter 36 min.						
	Ash Fusion Temp. °F 2200 min. (H=W Reducing Atmos.)						
	Vendor must provide Gulf Power Company with shipping notices as soon as railcars are loaded and shipped.						
	(continued)						

345 151 100

REQUISITIONER J. M. Walker

BUDGET ITEM ☒ YES ☐ NO

BUDGET YEAR 1990

AMOUNT BUDGETED

ACCOUNT DISTRIBUTION APPROVED BY

APPROVAL

APPROVAL

APPROVAL Earl B. Parsons Jr.

APPROVAL

APPROVAL

300171110-841

847

Gulf Power Company
Requisition Number 65138
Webster County Coal Corp.

Barge Coal for Plants Crist and Smith

This order is based on mine governing sampling and weighing. Sample analysis will be performed at CT&E. CT0 lab analysis will govern for payment purposes. In the event of dispute the parties will mutually designate the lab to be used to analyze referee samples.

The attachment entitled "Gulf Power Company Terms and Conditions for Coal Purchases delivered by Rail" is made a part of this order by reference herein. The Terms and Conditions must be signed by the coal vendor in the space provided and returned promptly to Gulf Power Company.

Rail Coal for Plant Scholz

This order is based on Plant governing sampling and weighing. Sample analysis will be performed by Gulf Power Company in Gulf's lab. Gulf's analysis will govern for payment purposes. In the event of dispute, the parties will mutually designate the lab to be used to analyze referee samples.

The attachment entitled "Gulf Power Company Terms and Conditions for Coal Purchases Delivered by Rail" are made a part of this order by reference herein. The Terms and Conditions must be signed by the coal vendor in the space provided and returned promptly to Gulf Power Company.

ATTACHMENT II

GULF POWER COMPANY
TERMS AND CONDITIONS
FOR COAL PURCHASES
DELIVERED BY RAIL

I. GOVERNING DOCUMENTS

The Purchase Order, the Coal Sales Proposal, and these Terms and Conditions, shall constitute the Agreement between Gulf Power Company ("Purchaser") and the vendor named in the Purchase Order ("Seller"). These Terms and Conditions shall govern unless expressly provided otherwise in the Purchase Order. Purchaser objects in advance to any additional or different terms and conditions offered by Seller. The terms and conditions appearing on the reverse side of the Purchase Order form are hereby deleted. The Agreement constitutes the complete and exclusive statement of the agreement between the parties and supercedes all prior representations, negotiations and communications between the parties with respect to the subject matter hereof.

II. SELLER'S ACCEPTANCE

Acknowledgment of the Purchase Order or delivery of coal under the Agreement will constitute Seller's acknowledgment and acceptance of all provisions herein and all provisions of the Purchase Order.

III. BROKERS

3.1 Any seller who does not mine or produce the coal to be delivered under the Agreement shall be deemed a broker. A broker shall be responsible for providing a copy of these Terms and Conditions and the Purchase Order (with optional deletion of price) to the producer designated in the Producer-Broker Statement from whom it purchases or acquires coal to be delivered hereunder. A broker shall, in its agreement with the producer, bind the producer to all of the terms of the Purchase Order and to all of these Terms and Conditions and shall be responsible for compliance therewith by such producer; provided, however, that failure of a producer to comply therewith shall not relieve a broker from performance of all its obligations under the Agreement.

849

3.2 The liability of Producer and Broker shall be joint and several. Any reference herein to Seller shall be deemed to refer to both the Producer and the Broker.

IV. COAL SPECIFICATIONS

Coal delivered hereunder shall comply, as a minimum, with the following Coal Specifications, on an "as received" basis:

	Property	Guaranteed Values	Rejection
1.	Ash, maximum	9%	14
2.	Moisture, maximum	7%	10
3.	Sulfur, percent	2.6 min., 3.1 max.	less than 2.5% greater than 3.2%
4.	Heat Content, Btu/lb., minimum	12,500	11,500
5.	Ash Fusion, Deg. F., Minimum (H = W) Reducing Atmosphere	2,200	2,050
6.	Volatile Matter, minimum	36%	28
7.	Grindability (HGI)	55 min./60 max.	50
8.	Size	2" x 0" not more than 40% less than 1/4"	greater than 3" more than 40% less than 1/4"

V. QUANTITY

Coal shall be delivered in the quantity and within the time period(s) set forth in the Purchase Order. Coal shipments shall be reasonably distributed over each calendar month. Unless Seller secures Purchaser's prior written approval, Seller shall deliver at least 80%, but not more than 120% of the quantity of coal due to be delivered in any month. Seller shall not deliver more or less than the total quantity of coal set forth in the Purchase Order during its term.

VI. COAL SIZE AND QUALITY

Unless otherwise specified in the Purchase Order, coal shall not exceed a maximum lump size of 2" in any dimension and shall contain no more than forty percent (40%) of particles less than 1/4" in size, and shall be the full mine product (or full washed product) with no size fractions removed. All coal shall be free

from excess quantities of moisture, bone, slate, fireclay, rock, loose clay, shale and other impurities. The impurities referred to in the foregoing sentence are those occurring geologically in the coal in its natural unwashed condition, and are not to be confused with Extraneous Material referred to in the next paragraph.

VII. EXTRANEOUS MATERIAL

Only full mine coal product (or full washed product) shall be delivered to Purchaser. Pond fines, washer fines, washer refuse, slate, shale, rock, dirt, clay, fireclay, bone, roots, wood, water, debris, refuse or waste from a washer or coal preparation facility and other extraneous material are not acceptable, and shipments of coal shall not contain any of such extraneous material. Any shipment containing any of such extraneous material shall be completely rejected.

VIII. UNIFORM LOADING

Shipments of coal shall be uniformly loaded by filling the railcar with coal of uniform kind, quality and character. Coal from two or more seams or from two or more sources shall not be blended or mixed for delivery under this Agreement without the prior written approval of Purchaser and under such controls or limitations as Purchaser may impose.

IX. WEIGHTS, SAMPLES, AND ANALYSES

9.1 Weights of coal delivered hereunder shall be determined, for all purposes, by railroad static scales.

9.2 Representative samples of coal will be taken by Purchaser from each railcar upon delivery at the generating plant or other delivery point and accumulated as a composite sample for the railcar(s) unloaded during each day. Such samples will be analyzed by Purchaser in accordance with procedures equivalent to the current American Society for Testing and Materials Standards or better. Purchaser's analyses of the samples taken at the generating plant or other delivery point shall govern for price adjustments for coal quality and for compliance with specifications for coal quality. (Refer to XI. ASH ADJUSTMENT for the price adjustment per ton for coal having high ash content.) Should Purchaser not obtain a sample for analysis, then for the purposes of this Agreement the analysis of such shipment shall be deemed to be the average of the analysis of all other shipments received under the Agreement from Seller during the preceding thirty day period.

9.3 Splits of each composite sample shall be retained for a period of thirty days for use in the event of a dispute regarding the results of analyses. In the event Seller disputes the accuracy of an analysis by giving written notice to Purchaser within thirty days from the delivery of the coal being analyzed,

851

that portion of the sample of such coal retained for settlement of disputes shall be sent to a qualified independent laboratory (selected jointly by Purchaser and Seller) which shall conduct an analysis in accordance with the standards set out above. The determination of such independent laboratory shall be binding on both parties. The cost for the analysis by such independent laboratory shall be shared equally by the parties.

9.4 With respect to disputes resulting from the analysis, Purchaser's anslysis will be deemed confirmed and no billing adjustments made if the difference between the analysis of the independent laboratory and Purchaser's analysis is within the tolerances of percents specified in the American Society for Testing and Materials Standards.

X. CALORIFIC VALUE ADJUSTMENT

10.1 For coal f.o.b. destination, the price to be paid shall be adjusted for the calorific heating value of the coal (expressed in Btu per pound) by multiplying the contract price per ton times the ratio of the actual calorific value to the guaranteed calorific value. The amount so determined, less any amount previously paid by Purchaser and any other costs incurred by Purchaser with respect to this transaction, shall be paid to Seller.

10.2 For coal f.o.b. shipping point, the price to be paid shall be adjusted for the calorific heating value of the coal (expressed in Btu per pound) by multiplying the contract price plus transportation costs per ton times the ratio of the actual calorific value to the guaranteed calorific value. The amount so determined, less any amount previously paid by Purchaser and less transportation costs and any other costs incurred by Purchaser with respect to this transaction, shall be paid to Seller.

XI. ASH ADJUSTMENT

The burning of coal having high ash content has adverse economic and physical effects on the operations of Purchaser's generating plants. It shall be the responsibility of Seller to ensure that the ash content of coal delivered hereunder does not exceed the guaranteed ash content, and failure to do so shall constitute a breach of Seller's obligation and guarantee. The price to be paid for coal shall be adjusted by reducing the price for coal having an ash content in excess of twelve percent (12%). This adjustment will be based on the "as received" ash content of the coal delivered. The ash adjustment will be applied in accordance with the following calculation:

852

Price reduction equals

$0.50 per ton times the percentage of ash in excess of 12%

Example:

"As-received" ash content is 13.5 percent.

$0.50 x (13.5 - 12) = $0.50 x 1.5 = $0.75 per ton reduction

The ash adjustment shall be applied to the composite sample as defined in Section 9.2. The resulting adjustment in price shall be subtracted from the price determined after calorific adjustment. No adjustment in price shall be made for coal having an ash content less than twelve percent (12%).

XII. BILLING AND PAYMENT

12.1 Payments for coal shall be based on the "as received" calorific heating value, expressed in Btu per pound, less deductions for ash adjustment, if applicable, and will include all costs applicable as detailed in the Purchase Order.

12.2 The price per ton of coal under the Agreement shall include all sums to be borne by Seller and/or Seller's producer for all federal, state and local taxes of every nature, reclamation costs, health benefits, black lung benefits, etc. which are assessed or may be assessed as a result of production, shipment, or sale of coal pursuant to the Agreement. Seller agrees to defend, indemnify and hold harmless Purchaser against any claim or liability for any such taxes and other assessments. Seller further agrees promptly to repay Purchaser for any such taxes which may be refunded to Seller by any taxing authority for coal delivered under the Agreement.

12.3 Seller shall invoice Purchaser upon delivery of coal to the f.o.b. delivery point as specified in the purchase order. Within twelve (12) working days following the receipt by Purchaser of Seller's invoice, Purchaser shall remit ninety percent (90%) of the amount due Seller which amount is determined by multiplying the tons of coal as determined by Seller's loaded weights by the purchase price per ton stated in the Purchase Order. Within twelve (12) working days of the first of the succeeding month, Purchaser shall file with Seller a report of unloaded weights, analyses, Calorific Value Adjustment and Excess Ash Adjustment for all coal received and accepted by Purchaser under the Agreement during the preceding month. Based on such report, Seller shall then invoice Purchaser for any undisputed balance due and Purchaser shall pay Seller any undisputed sum within twelve (12) working days of receipt by Purchaser of the invoice. If such report indicates an overpayment, at Purchaser's Option, Seller shall either credit such overpayment to future shipments if any are due or remit same to Purchaser within twelve (12) working days of such report. Seller shall separately

invoice Purchaser for any undisputed balance claimed to be due. Purchaser and Seller shall negotiate in good faith and in accordance with the Agreement to resolve any disputed payments.

12.4 All correspondence and shipping notices under the Agreement shall be referenced by Purchase Order Number and name of Seller exactly as designated in the Purchase Order.

XIII. WARRANTY OF COAL SUPPLY

13.1 Seller represents and warrants that it, or its producer designated in the Producer-Broker Statement, owns or controls the coal property described in the Coal Sales Proposal and/or Purchase Order and that such coal property contains commercially recoverable coal of a quality and in quantities sufficient to satisfy the requirements of the Agreement. Seller represents and warrants that it, and its producer designated in the Producer-Broker Statement, will not use or sell coal from the coal property so as to render it unable to deliver to Purchaser the coal in the quantities, quality, and at the times provided for in the Agreement.

13.2 Seller further represents and warrants that the coal delivered hereunder will be mined or produced by Seller, or its producer designated in the Producer-Broker Statement, from the coal property as described, and that no coal from any other seam or source or from any other miner or producer shall be delivered hereunder without prior written approval of Purchaser. Seller further represents and warrants that it will not deliver to Purchaser any coal, which is mined or produced from the coal property as described, under any purchase order issued to any other party without prior written approval of Purchaser.

13.3 Seller further represents and warrants that it has good title to all coal to be delivered hereunder and that such coal is free and clear of all liens, encumbrances, and claims of third parties.

XIV. INSPECTION

Purchaser, through its representative or agent, shall have the right during normal business hours: (a) to enter upon the coal property of Seller, or its producer, described in the Coal Sales Proposal and/or Purchase Order, where coal to be delivered under the Agreement is being or is to be mined or produced, or upon other property of Seller, or its producer, where coal to be delivered under the Agreement is being or is to be stored, washed, crushed, blended, loaded, unloaded, transported or otherwise handled; and (b) to inspect the property and the method, equipment and manner of mining, producing, storing, washing, crushing, blending, loading, unloading, transporting or other handling of the coal; and (c) to take samples of such coal for analyses. No inspection by Purchaser shall be deemed a

waiver of any Purchaser's rights or relieve Seller of any obligation or agreement assumed by the Agreement.

XV. REJECTION

15.1 Purchaser shall have the right to refuse and reject any lot of railcars received together at the generating plant or other delivery point (a) which fails to comply with the Coal Rejection Specifications, (b) containing coal that was or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Purchaser, (c) which fails in any manner to comply with the Coal Size and Quality (Section VI) specified herein, (d) which is delivered in equipment other than as specified herein, (e) which contains Extraneous Material (Section VII) as defined herein, or (g) which fails to comply with Uniform Loading (Section VIII) requirements as specified herein. If, however, for any reason Purchaser unloads any such receiving lot, Seller agrees to pay for all extra costs for the unloading and handling and removal thereof. If Purchaser rejects a receiving lot, Seller shall reimburse Purchaser for all transportation costs which are incurred by Purchaser that are associated with the rejected receiving lot. Seller shall dispose of all such rejected coal at Seller's expense.

15.2 In addition to the provisions for Samples in Section 9.2, Purchaser shall have the right to take samples of coal shipments while they are in transit by rail and to analyze such samples, for the purpose of determining whether to accept or to reject any such coal shipments for failure to comply with the coal specifications or other conditions of the Agreement. If any of such coal shipments are accepted, the samples taken in transit and results of such analyses shall not be used for other purposes, and the provisions under Weights, Samples and Analyses shall apply.

XVI. SUSPENSION

In addition to the Rejection rights set forth above, Purchaser shall have the right to suspend coal shipments immediately, by giving verbal or written notice, in the event (a) that coal represented by any composite sample fails to comply with any of the Guaranteed values set forth in the Coal Specifications, (b) that the coal was or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Purchaser, (c) that the montly quantity shipped exceeds the amount stated in the Purchase Order by more than 20%, (d) that any railcar(s) of coal contains Extraneous Material as defined herein, or (e) that any railcar(s) of coal fails to comply with Uniform Loading requirements as specified herein. If Seller, within thirty (30) days following any suspension, determines that it is in

855

compliance with the Agreement then Seller shall so notify Purchaser and a test shipment of coal or other determination of compliance will be arranged. If such determination shows to Purchaser's satisfaction that the coal to be shipped will be in compliance, then normal shipments under the agreement shall be resumed. If such determination does not show to the Purchaser's satisfaction that the coal to be shipped will be in compliance, then the Purchaser shall have the option to allow further compliance determinations or to cancel the Agreement. Should Seller, within thirty (30) days of any suspension, fail to provide adequate assurance to Purchaser that Seller can deliver coal in compliance with the Agreement. Purchaser shall have the right immediately to cancel the Agreement. In the event of rejection of shipments followed by cancellation of the Agreement, Seller shall reimburse Purchaser for any and all transportation costs associated with such rejected shipments and/or cancellation which may be incurred by Purchaser and to remove all such rejected coal at Seller's expense Purchaser's rights of rejection suspension and cancellation are in addition to any other remedies provided by the Agreement or in law or in equity for Seller's failure to deliver coal in compliance with the Agreement.

XVII. CANCELLATION

In addition to the Rejection and Suspension rights set forth above, Purchaser shall have the right to cancel remaining coal to be delivered under the Purchase Order, by giving written notice, in the event (a) that coal delivered by Seller fails to comply with any of the Coal Specifications averaged over a calendar month, or (b) that coal delivered by Seller in any month is less than seventy-five percent (75%) of the quantity of coal due to be delivered in such month, or (c) that any coal shipment contains Extraneous Material as defined herein, or (d) that the coal was or is being mined or produced from a seam or source other than the coal property described in the Coal Sales Proposal and/or Purchase Order without securing prior written approval of Purchaser, or (e) that any coal shipment fails to comply with Uniform Loading requirements as specified herein, or (f) that Seller fails to comply with any of the provisions of the Agreement.

XVIII. REMEDIES FOR DEFAULT

The remedies stated in the Agreement are cumulative and in addition to those provided by law or equity. Waiver of any one or more defaults shall not be deemed a waiver of any other prior or subsequent default.

XIX. CONTINGENCIES

19.1 Seller shall not be liable for damages for delay in delivery or non-delivery where such delay or non-delivery is caused by acts of God, acts of Purchaser, strikes, fires, floods, riots, or like cause, but only if beyond the reasonable control

of Seller. Such causes shall not include Seller's failure to obtain or maintain rights in and access to the coal property necessary to properly mine coal therefrom.

19.2 Purchaser shall not be liable for damages for delay in receiving or non-receipt of coal where such delay or non-receipt is caused by acts of God, acts of Seller, strikes, fires, floods, riots, breakdown or failure of coal receiving equipment or facilities, breakdown or failure of transportation systems or facilities of Purchaser or others, or inability of Purchaser to provide transportation equipment or facilities, or like cause, but only if beyond the reasonable control of Purchaser.

19.3 The excuse from performance shall continue during the pendency of and to the extent made necessary by the occurrence of a named contingency. In the event any such cause prevents Seller from delivering any coal hereunder, coal not delivered during the existence of such a contingency shall be delivered at a later time only by mutual agreement of Purchaser and Seller.

XX. AGENCY

Purchaser hereby designates Southern Company Services, Inc. as its agent for all purposes hereunder.

XXI. DELIVERIES

21.1 Shipping notices on forms approved by Purchaser shall be mailed promptly when coal is shipped, to the following:

Supervisor of Fuel Supply
Electric Operation-Services
Gulf Power Company
P. O. Box 1151
Pensacola, Florida 32520
904/434-6208

Scholz Generating Plant
Plant Manager
Route 1, Box 234A
Sneads, Florida 32460
904/265-2185

and

Traffic Coordinator
Fuel Supply Department
Southern Company Services, Inc.
P. O. Box 2625
Birmingham, Alabama 35202
Telex No. (801)733-1338
Telecopy No. (205)877-7288

Bills of Lading shall include name of Seller, Producer, Purchase Order Number, car number and date loaded. Purchaser may direct delivery of coal to a point other than that specified therein; provided, however, any additional cost incurred by Seller as a result of such direction shall be paid by Purchaser.

857

21.2 Seller will arrange for the necessary railcars and will privide railcar loading facilities sufficient to load the coal properly and within the appropriate loading time. The coal shall be loaded in open top, hopper railroad cars, no greater than 12'7" in height, unless specifically provided elsewhere herein. Seller shall be liable for and shall pay Purchaser for any transportation costs or demurrage charges incurred by Purchaser which may be occasioned by the breakdown or failure of the railcar loading facilities or by the failure of Seller to furnish and load coal at the loading point within the proper times and in the proper quantities. Seller shall pay all costs of transportation of coal from the mine to the rail loading facility including rail loading charges.

21.3 For coal purchased f.o.b. shipping point, Seller shall bear all risk of loss and retain title to the coal to be delivered hereunder until the coal has been loaded into railcars for shipment to the delivery point specified in the Purchase Order. Claims for coal lost en route will be filed by Purchaser to carrier's account. For coal purchased f.o.b. destination, Seller shall bear all risk of loss and retain title to the coal until the coal has been received at the delivery point specified in the purchase order.

21.4 Seller shall fully defend and indemnify Purchaser against any claim made against Purchaser for any costs, expenses or damage (either liquidated or unliquidated) which may be asserted against Purchaser arising out of or resulting from the delivery by Seller to Purchaser of any coal under this Agreement.

XXII. DEMURRAGE LIABILITY

After delivery of the final shipment of each order, prior to making final settlement, Purchaser will calculate accumulated demurrage charges at the point of loading and provide this calculation to the seller. Purchaser shall have the right to withhold the calculated demurrage cost incurred at the point of loading from the final settlement until such time the demurrage report is provided by the rail carrier to Purchaser. Purchaser will then deduct and retain for payment to the carrier a sum sufficient to pay any outstanding demurrage charges incurred at the point of loading and will refund to seller any demurrage charges not directly assessed by rail carrier against movements under this Purchaser Order. Monies associated with demurrage charges will not be retained by Purchaser longer than six months from the date of expiration of Purchase Order.

XXIII. INDEPENDENT CONTRACTOR

Seller shall be and act as an independent contractor, and not as a agent or employee of Purchaser, and shall have supervision over and responsibility for the safety and actions of his employees and representatives, and shall have control and management over and responsibility for his equipment.

858

XXIV. ASSIGNMENT AND GOVERNING LAW

The Seller shall not assign or transfer this Agreement or his rights and obligations hereunder without the prior written consent of Purchaser. All disputes concerning the execution, construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Florida.

XXV. COST DISCLOSURE

25.1 Seller will provide Purchaser with the following cost information as requested by the Public Service Commission of the State of Florida:

- Mine mouth cost ($/ton)
- Short haul transportation cost to the loading point ($/ton)
- Loading cost ($/ton)
- Transportation cost to destination ($/ton), if applicable

25.2 Seller will forward these costs to Purchaser within thirty (30) days from date of Purchase Order.

XXVI. INDEMNIFICATION

Seller agrees to defend, indemnify and hold harmless Purchaser; the Southern Company; any subsidiary of the Southern Company and any of their agents, employees and representatives from and against any and all liability of alleged liability to which any of them may be subject due to the destruction or damage to any property or due to the injury to or death of any person.

XXVII. NON-DISCRIMINATION

Because Gulf Power Company has entered into contracts with the United States of America and by doing so has agreed to various federal labor requirements, during the performance of this contract, Seller agrees as follows:

a. Seller will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Seller will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action will include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms or compensation; and selection for training, including apprenticeship. Seller agrees to post in conspicuous places, available to employees and applicants for employment, notices

859

setting forth the provisions of this nondiscrimination clause.

b. Seller will, in all solicitions or advertisements for employees, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national orgin.

c. Seller will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, advising the labor unions or workers representative of Seller's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and will post copies of the notice in conspicuous places available to employees and applicants for employment.

d. Seller will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. Seller will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Purchaser and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and order.

f. In the event of Seller's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and Seller may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order by the Secretary of Labor, or as otherwise provided by law.

g. Seller will include the provisions of Paragraphs (a.) through (h.) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontract or vendor. Seller will take such action with respect to any subcontract or purchase order as Purchaser may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Seller becomes involved in, or are threated with, litigation with a subcontractor or vendor as a result of such direction by us, Seller may request the United

860

States to enter into such litigation to protect the interests of the United States.

h. This contract incorporates by reference all applicable clauses of Title 41 of the Code of Federal Regulations (C.F.R.), section 60-741, relating to the employment of the handicapped, referencing affirmative action clause provision 060-741.4, 41 C.F.R. section 60-250 relating to the employment of disabled veterans and veterans of the Vietnam era; referencing affirmative action clause provision 60-250.4, and 41 C.F.R. subpart 1-1.1310 relating to utilization of minority business enterprises, according the the applicable conditions thereof.

Seller hereby certifies that it has read and does accept these standard provisions to the extent they are not specifically modified by the Purchase Order.

BROKER:

_____

By_____

Title_____

PRODUCER:

_____

By_____

Title_____

GURAIL
July 1987

861

Purchase C

INFORMA

Gulf Pow

SHIP TO

Gulf Power Company

[illegible]
PARKER PARKE
ROUTE [illegible]
SNEADS, FLORIDA [illegible]
P.O. HY-[illegible]

Please furnish the following subject to the conditions on face and back hereof, and made part of this order.

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE.

Purchase Order Number	Revision No	Order Date	Page No
P.-HY-[illegible]73-	000	01/04/90	1

Instructions:

1 Please sign and return Acceptance Copy within 5 days.
NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

2 Please submit invoices in duplicate to address shown.

TO: WEBSTER COUNTY COAL CORPORAT
1-69 JOHNSON FERRY ROAD
SUITE 8199
MARIETTA, GA 30062

Invoice To: Accounts Payable Dept.
Gulf Power Company
P.O. Box 1151
Pensacola, Florida 32520-0200

Ship Via	FOB	Freight Message	Terms	Buyer's Name
SEE DESCRIPTION	SEE DESCRIPTION	SEE BELOW	N30	D. LEE. C.P.M. 444-6364

LINE	COMMODITY NO.	DESCRIPTION	QUANTITY	U/M	UNIT PRICE	TOTAL
		TO BE USED FOR COAL FOR SCHOLZ PLANT				
		INFO COPIES: C.K. LEE. C. L. MAKGROVE. J.H WALDROP				
* 1	NS	APPROXIMATELY 10,000 TONS OF COAL PER MONTH FOR A TOTAL OF 60,000 TONS OF COAL TO BE SHIPPED [illegible] THROUGH JUNE 1990. COAL WILL BE SHIPPED VIA CSX FROM DUTIKI, KENTUCKY. COAL IS TO BE PRODUCED BY WEBSTER COUNTY COAL CORP. FROM THE DUTIKI MINE. THE DUTIKI MINE PERMIT NO. 15-01231 AND LICENSE NO. 8967 IS LOCATED IN WEBSTER COUNTY, KY. THE COAL IS TO BE A WASHED KENTUCKY NO. 9 SEAM PRODUCT. THE PRICE F.O.B. THE RAILCAR AT DUTIKI, KY. IS $24.50 PER TON. THE GUARANTEED BTU/LB. IS 12,500 MAKING A GUARANTEED PRICE F.O.B. DUTIKI OF $1.0000/MMBTU. THIS COAL MAY ALSO BE SHIPPED BY BARGE TO PLANTS CRIST AND SMITH. THE PRICE F.O.B. BARGE AT MT. VERNON COAL TRANSFER TERMINAL, M.P. M29.0 ON THE OHIO RIVER IS $24.00 PER THE ATTACHED CONDITIONS AND TERMS	1	LT	SEE DESCRIP	SEE DESCRIP
		MR NO. 0000:65138 [illegible]				
		CHARGE TO: 000345 151 00100				
		DATE REQUIRED 01/08/90				
		CONTINUED ON NEXT PAGE				

698

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate

VENDOR'S SIGNATURE

For Gulf Power

Purchase Order INFORMATION Gulf Power

SHIP TO
Gulf Power Company
[illegible]
PATRICK PARKER
SUITE 1, BOX 234N
SNEADS, FLORIDA [illegible]
(C-89-00578-)

Please furnish the following subject to the conditions on face and back hereof, and made part of this order.

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE.

Purchase Order Number	Revision No	Order Date	Page No
(-89-00578-	000	01/09/90	1

Instructions:

* Please sign and return Acceptance Copy within 5 days.
NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.
* Please submit invoices in duplicate to address shown.

Invoice To: Accounts Payable Dept.
Gulf Power Company
P.O. Box 1151
Pensacola, Florida 32520-0205

TO: WEBSTER COUNTY COAL CORPORAT
1509 JOHNSON FERRY ROAD
SUITE 210
MARIETTA, GA 30062

Ship Via	FOB	Freight Message	Terms	Buyer's Name
SEE DESCRIPTION	SEE DESCRIPTION	SEE BELOW	N30	D. LEE, C.P.M. 444-6364

D. LINE	COMMODITY NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL
		ADDITIONAL CONDITIONS				
		CONFIRMING ORDER. DO NOT DUPLICATE.				
		END OF PURCHASE ORDER			SEE DESCRIPTION	

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

VENDOR'S SIGNATURE

For Gulf Power
By