Copy of RFP

Florida Power
A Progress Energy Company

December 2, 2003

Florida Power Corporation (FPC), a Progress Energy Company, is requesting proposals for gas supply requirements for 2004-2005 delivered to Florida Gas Transmission (FGT) and Gulfstream Natural Gas System (GNGS) pipelines. Day-ahead flexibility to switch gas supply between FGT and GNGS, either by physical connection to both and/or contract flexibility is desired. FPC will consider baseload, take or release, daily swing deliveries, call options, as well as other alternatives. Deliveries should be made to FPC's primary receipt points, however alternate points will be considered. Please indicate receipt points on your response.

Volume and Term:

FGT Package #1: See attached spreadsheet for volume requirements at specific receipt points in Dth/day for supplies starting May 2004 through April 2005. An additional term through April 2006 will also be considered. Daily swing rights and the ability to declare a minimum volume take for the month is desired in this package.

GSNG Package #2: Up to 20,000 Dth/day June 2004 through September 2004. FPC is seeking supplies at each Gulfstream receipt point. FPC will consider, daily swing rights, the ability to declare a minimum volume take for the month, as well as call option proposals.

GSNG Package #3: Up to 20,000 Dth/day, July 2004 through August 2004. FPC is seeking supplies at each Gulfstream receipt point. FPC is requesting a daily call option.

Primary Receipt Point: For packages #2 and #3

Pipeline	Receipt Point	DRN
FGT	Transco Citronelle	157553
FGT	Destin Pipeline	241390
GSNG	DIGP Offshore Pipeline	8205164
GSNG	Mobile Bay Processing Plant	8205179
GSNG	ExxonMobil Mary Ann Plant	8205178
GSNG	Williams Mobile Bay Plant	8205171
GSNG	Gulf South Pipeline	8205177
GSNG	Destin Pipeline	8205175

Price: FPC has interest in reviewing Inside FERC with Buyer's election to convert to Gas Daily Midpoint Fixed, and other pricing scenarios Seller would like to propose to Buyer.

Nominations: Pre-scheduled (day ahead of gas flow) and/or intraday (day of gas flow) may be submitted up until nomination deadline.

Service: Firm

Proposals Due: December 16, 2003, 5:00 PM EPT (4:00 PM CPT)

Requirements: GISB / NAESB with FPC

Submittal: E-mail and US Mail or Fax.

Send proposals to:

Ed McCluskey
Gas Trader, Regulated Commercial Operations
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551
Telephone: 919-546-5174
Fax: 919-546-2922
E-mail: edward.mccluskey@pgnmail.com

CONFIDENTIAL INFORMATION HIGHLIGHTED YELLOW
Package #1 - RESPONSES - CONFIDENTIAL

COMPANY	PGN RATING	LOCATION	TERM		VOLUME				PRICE				
			Start	Termination	MIN DTHS	MAX DTHS	Optionality	Notification	Publication	Location	Adder	Reservation	Rights
[redacted]													

CONFIDENTIAL INFORMATION HIGHLIGHTED YELLOW
Package #2 - RESPONSES - CONFIDENTIAL

COMPANY	PGN RATING	LOCATION	TERM		VOLUME				PRICE				
			Start	Termination	MIN DTHS	MAX DTHS	Optionality	Notification	Publication	Location	Adder	Reservation	Rights
[redacted]													

CONFIDENTIAL INFORMATION HIGHLIGHTED YELLOW
Package #3 - RESPONSES - CONFIDENTIAL

COMPANY	PGN RATING	LOCATION	TERM		VOLUME				PRICE					NOTES
			Start	Termination	MIN DTHS	MAX DTHS	Optionality	Notification	Publication	Location	Adder	Reservation	Rights	
[redacted]														

CONFIDENTIAL INFORMATION HIGHLIGHTED YELLOW
CONFIDENTIAL

FPC Natural Gas Commodity Contracts
Entered into since January 1, 2004

Supplier	Contract Start Date	Contract End Date	Min Volume	Max Volume	Receipt Points	Price Type	Price Description	Notes
[redacted]								

COAL SOLICITATION—"A" & "D" COAL
CRYSTAL RIVER 1, 2, 4 & 5

RFP'S RELEASED 04/12/04

CONTRACTS AWARDED

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XC: AWP
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ORIG. TO CF

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

B&W RESOURCES, INC.

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 7th day of June, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and B&W RESOURCES, INC. a Kentucky corporation, 637 Morton Boulevard, Hazard, Kentucky, 41701 (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 1 and No. 2 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 SELLER'S Reserves and Preparations for Selling Coal. SELLER represents and warrants that SELLER owns or leases the Coal Property. SELLER further represents and warrants that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it will immediately proceed to mine coal from the Coal Property and 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 sales and deliveries of coal to PURCHASER in accordance with the further provisions hereof. SELLER hereby expressly dedicates to PURCHASER 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 shall not ship any coal hereunder mined from any source other than the Coal Property without the prior written approval of PURCHASER.

3.01 Quantity. During each calendar year during the term hereof, the quantity of coal to be delivered hereunder shall be 240,000 tons, prorated for any partial calendar year. Coal to be supplied under this Agreement shall be substantially from the Coal Property, however Seller may supplement the same type coal from purchased sources.

4.01 Term. The term of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twenty-four (24) months.

5.01 Base Price. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be fixed at $[redacted] per ton, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the term of this Agreement.

6.01 **Billing and Payment.** SELLER shall invoice PURCHASER for each coal shipment delivered to PURCHASER during the month at the base price as shown in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be adjusted as a credit or debit on future payments as a retroactive adjustment on the next invoice following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

7.01 **Delivery and Title.** Delivery shall commence during January 2005. Time is of the essence. Delivery will be at PURCHASER'S option as provided in Section 7.02, in railroad cars or trucks f.o.b. the Coal Property and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff (as defined hereinafter). PURCHASER represents that it will supply transportation equipment as required for delivery. Delivery shall be in approximately equal monthly installments wherever possible; however, PURCHASER retains the right to alter monthly shipping schedules on a reasonable basis to meet monthly burn requirements at PEF's Generating Units and to conform to PURCHASER'S unit train and river barge tonnage requirements. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time the trains or trucks are completely loaded and have been released by SELLER.

7.02 **Shipment; Applicable Contract or Tariff.** It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at Resource, Kentucky, to destinations specified by PURCHASER. Seller may ship from other locations, with prior approval from PURCHASER, so long as any freight differential is paid by Seller. Notwithstanding the foregoing, PURCHASER shall have the option to ship the coal by truck or rail to river docks for

movement on the American inland waterway system. Coal for shipment by river from a single origin shall be scheduled in shipments to meet PURCHASER'S river barge requirements, not to exceed 22,500 tons for loading into fifteen (15) barge unit tows.

Unless waived in writing by PURCHASER (as may be done in the case of river shipments), SELLER will provide, at its own expense, off-mainline rail trackage sufficient for efficient and dependable loading of unit trains at or near the mine loading site or at another mutually acceptable location in accordance with schedules set by PURCHASER. SELLER shall operate such loading facilities twenty-four (24) hours per day, seven (7) days per week, if and as needed, regardless of mine holidays or vacation periods, and shall fully load unit trains comprised of approximately ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 9,600 tons per 90-car unit train or 107.0 minimum tons per car) at such loading facilities or in accordance with the applicable contract or tariff for shipments hereunder. SELLER shall load each car at least to the minimum tonnage requirements of the railroad as defined in the CSXT-8200 Series Tariff in effect at the time shipments are made. "Arrival" shall be deemed to have occurred when the SELLER is notified by the CSX trainmaster that a train is **available** for loading. Requests by the SELLER to the CSX to "hold" trains will not allow SELLER to avoid charges referenced in Appendix B.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Section 3, Item 3000, Tariff ICC CSXT-8200-Series, including supplements thereto or reissues thereof, will apply; and SELLER shall be responsible for such charges.

Shipment of coal under this Agreement (other than by truck) shall be made in accordance with the contract which PURCHASER has negotiated with the railroad or in the absence thereof the applicable tariff (herein called the "applicable contract or tariff"). SELLER acknowledges receipt of same and expressly assumes the obligations imposed on the consignor under the

applicable contract or tariff, and SELLER agrees to load unit trains in a manner and at an effective rate sufficient to load the quantities of coal scheduled for delivery under this Agreement and sufficient to qualify PURCHASER for the applicable contract or tariff without demurrage, car detention, dead freight or other penalties or charges; provided, however, that PURCHASER provides transportation equipment on a regularly scheduled basis sufficient to enable SELLER to fulfill the terms of this Agreement. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities will interfere with or impair SELLER'S obligations as set forth in this Agreement. The provisions of Sections 7.04 and 7.05 of this Agreement shall not be deemed to limit or modify any of SELLER'S obligations or PURCHASER'S rights hereunder.

If the applicable contract or tariff is amended, supplemented or replaced, subsequent shipments of coal shall be made by SELLER in accordance with the terms of the applicable contract or tariff as amended, supplemented or replaced. Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges. However, if in the opinion of PURCHASER, these charges are excessive, both PURCHASER and SELLER will meet to mutually agree upon a method to handle the excessive charges. If the parties are unsuccessful in reaching an agreement, PURCHASER may, at its sole discretion, terminate the Agreement. Payments shall begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

7.03 Freight Charges. Subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff.

7.04 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 10.01 hereof or the applicable tariff, SELLER shall pay PURCHASER or railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to marked capacity which PURCHASER is required to pay under the applicable tariff. In addition, SELLER shall pay PURCHASER reasonable lost railcar utilization charges for failure to timely and fully load and/or time lost to unload overloaded railcars of PURCHASER. Examples of these charges are listed in Appendix B.

7.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to have available sufficient coal to satisfy the quantity requirements of Section 3.01 on the regularly scheduled basis referred to in Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable contract or tariff (dead freight, volume incentive threshold, annual volume guarantee) and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such contract or tariff to pay in excess of the amount of such charges that would have been payable with respect to the coal actually shipped had tonnage requirements been met. In the event locomotives and train crew are released without a unit train of loaded cars being released to the railroad, detention charges, which include charges for locomotives, if any, will cease at the time of notification of such release. When a train crew and locomotives are again required by SELLER for service, a charge of [redacted], as adjusted by the railroad, will be assessed by the railroad and paid by SELLER and the detention and free time provisions will again be applicable upon the arrival of locomotives and crew at the mine loading site.

7.06 Payment of Excess Costs to PURCHASER. Any payments required by Sections 7.04 and 7.05 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 then owed by PURCHASER to SELLER hereunder.

7.07 Freeze Proofing. When required by the river transfer terminal, a PURCHASER approved freeze proofing material will be applied by SELLER at a cost of [redacted] per pint per ton to PURCHASER. Freeze proofing will not typically be required on direct rail shipments. SELLER shall be advised by PURCHASER as to amounts of freeze proofing required on an "as needed" basis.

8.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, PURCHASER may order weighing by the carrying railroad over certified scales or may use the average of the net weights of the five (5) prior unit trains. Notwithstanding the above, at PURCHASER'S option, weight may be determined by certified scale at discharge point.

8.02 Sampling and Analysis.

A. Sampling. Sampling of coal subject to this Agreement shall be performed on each shipment with an automatic sampling system by a third party employed by PURCHASER at the mine or, if SELLER is unable to obtain samples in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER, then the samples will be obtained at PEF's Crystal River power plant. In case of any failure of the automatic

sampler, trainloads may be hand-sampled in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to PURCHASER. The third sub-sample shall be placed in a suitable container and saved for SELLER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. **Air Drying.** The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. **Analyses to be Made.** The analyses to be made according to methods described in the applicable standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. **Acceptance of Results.** The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered

hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads delivered during such month; provided, however, that if either party, within thirty (30) days, questions the correctness of the original analysis made on the laboratory sample, it shall have the right to have the check sample analyzed by a commercial testing laboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at origin.

9.01 Coal Specifications. Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0") in size with no intermediate sizes removed. The coal shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine impurities as determined by PURCHASER and shall have a temperature below 131° Fahrenheit, and shall have the following specifications per shipment on an "as-received" basis:

SPECIFICATION	TYPICAL	REJECT
Moisture	7.0%	>7.0%
Ash	10.0%	>11.5%
Sulfur	2.0 LB/SO_2 per Million Btu	<1.5 LB/SO_2 per Million Btu >2.1 LB/SO_2 per Million Btu
Volatile	34.0%	<32.0%
Ash Fusion - Softening (H=W), Reducing	2700°F	<2600°F
Grindability	42 HGI	<42 HGI
Calorific Value	12,500 Btu/LB	~~<12,500~~ Btu/LB 12,250
Fines (-1/4")	40%	>45%

DAW

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All shipments shall be free of metal. SELLER shall provide magnets and metal detectors or other suitable equipment as required to satisfy this requirement. Inclusion of metal in coal shipments, if continued, shall be grounds for immediate termination of this Agreement or rejection of shipment.

9.02 **Coal Specifications Deficiencies.** For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in 9.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S

satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity; and

(3) No premiums shall be paid on coals that fail to meet Section 9.01 specifications.

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 2.1 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit").

In the event SELLER delivers to PURCHASER any shipment of coal with the sulfur content greater than 1.80 LB SO_2 MMBtu, but less than 2.1 LB SO_2 MMBtu, PURCHASER shall pay SELLER the Base Price indicated in Section 5.01.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content of 1.80 LB SO_2 MMBtu or below, PURCHASER shall pay a sulfur premium of [redacted] per ton.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 2.1 LB of sulfur dioxide per million Btu's, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A.

(2) If PURCHASER rejects any shipment under 9.02 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 2.1 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit, the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred, including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable

times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

10.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any

deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except by mutual agreement. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

11.01 Audit. SELLER agrees to maintain books, records, documents and other evidences pertaining to the costs of producing, mining, handling or loading of coal under this Agreement (herein collectively called the "records") to the extent and in such detail as will properly reflect all items of whatever nature for which payment, reimbursement or adjustment in base price of coal is claimed under the provisions of this Agreement. Upon the request of PURCHASER, SELLER shall make available at SELLER'S office any and all said records along with related correspondence, receipts, vouchers and memoranda pertaining to this Agreement for inspection, audit or reproduction by any authorized representative of PURCHASER. SELLER shall preserve all such records with respect to each shipment of coal for a period of twenty-four (24) months after final payment for such shipment, during which time PURCHASER shall complete any audit it may desire; provided, however, such time limitation shall not apply in cases whereby material

misrepresentation, fraud or similar circumstances are claimed. The applicable records shall be preserved until audit is completed or, should there otherwise be questions raised regarding such recording, until agreement with regard to same is reached.

11.02 Mine Access Rights. SELLER shall at all times carry out its mining operations consistent with obligations to meet the production and delivery schedule as provided herein. PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so long as it does not unreasonably interfere with SELLER'S operations. PURCHASER and its agents shall have access to the mine and to any and all data related to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

12.02 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

13.01 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty

(30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

14.01 **Attorney's Fees.** In the event either party should default under the terms hereof or fail to perform any of the terms and conditions of this Agreement and a party employs an attorney to protect its interest and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

15.01 **Indemnification.** SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

15.02 **Environment, Health, and Safety.**

A. **Compliance and Indemnification.** SELLER shall comply with all applicable EHS laws and shall indemnify PURCHASER against any EHS claims and costs arising from SELLER'S performance under this Agreement.

B. **Audits.** PURCHASER may audit SELLER'S EHS compliance. Within thirty (30) days of PURCHASER'S request, SELLER shall deliver to PURCHASER (1) all records regarding (a) SELLER'S actual or alleged violations of EHS laws and (b) EHS claims asserted against SELLER, in each case in the five year period preceding PURCHASER'S arequest and (2) any

executed consent form(s) necessary for PURCHASER to obain from regulatory agencies and other third parties information regarding SELLER'S EHS compliance.

D. **Definitions (as used in this Agreement).**

1. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

16.01 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

17.01 Independent Contractor. 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.

18.01 **Binding Effect.** This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 **Assignments.** Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto. Such assignment shall not be unreasonably withheld.

20.01 **Partial Dispute.** Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. **Should it later be determined that additional payments are due from** PURCHASER to SELLER, such amount shall be paid together with interest from the date payment was due as provided herein at the prime rate for preferred customers on loans not to exceed thirty (30) days as from time to time quoted by the Morgan Guaranty Trust Company of New York, New York, during pendency of the dispute.

21.01 **Captions.** The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

22.01 **Applicable Law and Venue.** All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in Pinellas County, Florida, and/or the federal court district encompassing said county.

23.01 Conflict of Interest Policy. PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee, unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

24.01 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. It is understood that PURCHASER or SELLER from time

to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

25.01 Confidentiality. Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated corporations or unincorporated divisions of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure; in advance thereof, if possible, to the other party to this Agreement.

26.01 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.

WITNESS:

PROGRESS FUELS CORPORATION

BY: _____
Vice President—Coal Procurement

Date Executed: 6/7/04

WITNESS:

B&W RESOURCES, INC.

BY: _____
President

Date Executed: 6/8/04

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12,500 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12,500 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12,500 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.). **PENALTIES WILL RECEIVE A MULTIPLIER OF 1.5.**

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from the premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of ten percent (11.5%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
11.5% to 12.0%	[redacted] of the Base Price per 1% over to the nearest 0.1%
Greater Than 12.0%	[redacted] of the Base Price per 1% over to the nearest 0.1%

APPENDIX B

Railroad and Railcar Detention Costs

A. RAILROAD CHARGES:

1. Detention: As published in Tariff ICC CSXT-8200-Series, including supplements thereto and re-issues thereof.

2. Dead Freight: Actual railroad charges.

3. Crew Change: [redacted] per change, subject to periodic adjustment by the railroad.

B. PFC RAILCAR CHARGES:

1. Lost Utilization Charges: Sum of a. and b. below.

   a. Delay of Train = [redacted] per car per day of delay.

   b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x [redacted] = P$

      Where: AC = actual number railcars
      AW = actual weight of trains
      P$ = penalty in dollars

XC: AWP
RFP
FHL
HJR
CAL
THH
VHH
DHD
ABF
Vicky Hicks

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

MASSEY UTILITY SALES COMPANY

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 8th day of September, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and MASSEY UTILITY SALES COMPANY, a Virginia corporation, Four North Forth Street, Richmond, Virginia 23219 (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 1 and No. 2 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 **Mutual Obligations.** SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 **SELLER'S Reserves and Preparations for Selling Coal.** SELLER represents and warrants that SELLER'S affiliates own, lease or otherwise controls coal properties. SELLER

further represents and warrants that the coal properties contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it will mine coal from the coal property and that it has loading facilities, described in Exhibit "A", attached hereto and made a part hereof, capable of loading at the rate required to comply with this Agreement. SELLER hereby expressly dedicates to PURCHASER sufficient reserves of coal meeting the quality specifications hereof and lying on or in the coal properties so as to fulfill the quantity specifications hereof. SELLER shall not ship any coal from sources other than those identified in Exhibit A without the prior written consent of PURCHASER which consent shall not be unreasonably withheld.

3.01 Quantity. During each calendar year during the term hereof, the quantity of coal to be delivered hereunder shall be 720,000 tons +/- 5,000 tons or approximately 60,000 tons per calendar month, prorated for any partial calendar year.

4.01 Term. The initial term ("Initial Term") of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twelve (12) months. On or before October 1, 2005, the parties shall negotiate in good faith to extend this Agreement for an additional term of twelve (12) months. If the parties, for any reason, are unable to reach agreement for a new Base Price for calendar year 2006 by November 1, 2005, then this Agreement shall extend an additional six (6) months at the Base Price in effect on December 31, 2005 in effect and expire June 30, 2006.

5.01 Base Price. The base price per ton of coal, (hereinafter "Base Price") f.o.b. SELLER'S mine loading site, shall be [redacted] per ton, f.o.b. railcar, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement. The Base Price during any extended term shall be as negotiated as provided in Section 4.01 above. The mine loading site shall be the point of delivery ("Delivery

Point"). The Base Price includes as of the effective date of this Agreement all applicable taxes and fees imposed by a governmental body upon the mining, production, loading and delivery of coal hereunder including, but not limited to severance taxes, reclamation fees or Black Lung taxes. PURSHASER shall be responsible for and shall pay the sales or use tax, if any, imposed on the sale and transfer of the coal to PURCHASER.

If the parties are unable to agree to a new Base Price for coal sold f.o.b. railcar at the Delivery Point for calendar year 2006 by November 1, 2005, then the Base Price in effect on December 31, 2005, shall be in effect from January 1, 2005 through June 30, 2006.

5.02 Governmental Impositions. The parties also recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, policies and/or restrictions or a change in interpretation of enforcement which impact PURCHASER'S costs and which make it impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units this or like kind and quality of coal which thereafter would be delivered hereunder. If, as a result of the increased costs associated with the adoption of such laws, regulations, policies or restrictions, or change in interpretation or enforcement, PURCHASER decides that it will be impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units coal which would be delivered hereunder, PURCHASER shall so notify SELLER and thereupon PURCHASER and SELLER shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in PURCHASER's reasonable judgment, such actions will, without unreasonable expense to PURCHASER, make it impossible and economically impractical for PURCHASER to so utilize coal which thereafter would be delivered hereunder without violating any applicable law, regulation, policy or restriction, PURCHASER shall have the right, upon thirty (30) days prior notice to SELLER, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that, if the impracticality of PURCHASER's utilizing the coal

is only on economical grounds, SELLER may, at its option, prevent such termination by agreeing to reimburse PURCHASER for such expense.

The parties recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, policies and/or restrictions or change in interpretation or enforcement which impact SELLER's mining cost ("Governmental Impositions"). Adjustment to the Base Price may be made for changes in SELLER's costs occasioned by increased Governmental Imposition arising on or after the date first above written. SELLER shall give prompt notice to PURCHASER or any such costs increased by reason of a change of Governmental Imposition. PURCHASER shall accept such increase to the Base Price in effect for aggregate increases, for the term of the Agreement or any extensions thereof, not greater than [redacted] per ton. If the aggregate of all Governmental Impositions increases the Base Price then in effect by more than [redacted] per ton, PURCHASER shall have the option (to be exercised within thirty (30) days of notice of the increased Governmental Obligation) of accepting or refusing such increased Governmental Obligation to the extent in the aggregate such is greater than [redacted] per ton. If PURCHASER refuses such Governmental Imposition increase, SELLER shall have the option (to be exercised within thirty (30) days of PURCHASER's election to refuse such increase), to absorb the portion of the aggregate Governmental Imposition exceeding [redacted] per ton or terminate this Agreement with respect to coal not yet delivered and SELLER shall have no further obligation to PURCHASER hereunder except for those arising from shipments prior to the date of termination of this Agreement.

6.01 Billing and Payment. SELLER shall invoice PURCHASER in writing which may be sent by fax to PURCHASER for the coal delivered to PURCHASER on a train by train basis at the base price as presented in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within ten (10) days from receipt of the invoice, by electronic wire transfer. Adjustments under Appendix

A shall be separately stated and invoiced monthly. A statement showing the basis for the adjustment shall accompany said invoice.

7.01 **Delivery and Title.** Delivery shall commence during January, 2005. Delivery will be in railroad cars f.o.b. SELLER'S mine loading site and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff. PURCHASER represents that it will supply transportation equipment as required for direct delivery to PEF and that transportation of coal after delivery is the responsibility of PURCHASER. Delivery shall be in approximately equal monthly quantities wherever possible. However, PURCHASER and SELLER each shall have the right to alter monthly shipping schedules on a reasonable basis if agreed to by the other. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time the coal enters the railcar.

7.02 **Shipment; Applicable Contract or Tariff.** It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at Goff, Kentucky or at other approved locations set forth in Exhibit A attached hereto and made a part hereof to destinations specified by PURCHASER. PURCHASER shall notify SELLER by the 15th of the month the loading schedule for the following month. Seller shall notify PURCHASER of the loading facilities by the 25th of the month prior to the month of shipments. Once an individual train loading is scheduled, the schedule may be revised only through the mutual agreement of PURCHASER and SELLER.

SELLER shall operate its approved rail loading facilities twenty-four (24) hours per day, seven (7) days per week and shall load unit trains comprised of approximately ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 98 percent of marked car capacity). "Arrival" shall be deemed to have occurred when the railcars are placed at SELLER'S loadout.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Section 3, Item 3000, Tariff ICC CSXT-8200-Series, as it exists on the effective date of this Agreement; SELLER shall be responsible for such charges based on SELLER'S batch weight scale weight.

Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges. Payments shall begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs. If PURCHASER elects not to pay SELLER such additional costs, SELLER shall have the right either to absorb such increased costs or terminate this Agreement and Seller shall have no further obligation to Purchaser hereunder except for those arising from shipments prior to the date of termination of this Agreement.

7.03 Freight Charges. For f.o.b. railcar at the Delivery Point shipments, subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff.

7.04 Excess Loading Costs Chargeable to SELLER. For f.o.b. Railcar at the Delivery Point shipments, 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 10.01 hereof or the applicable tariff, SELLER shall pay railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to 98 percent of marked capacity which

PURCHASER is required to pay under the applicable tariff as it exists on the effective date of this Agreement.

7.05 Freeze Proofing. When required, a PURCHASER approved freeze proofing material will be applied by SELLER. For such freeze proofing application, PURCHASER shall pay SELLER'S actual cost for the freeze proofing material applied plus [redacted] per ton of coal to which the material is applied. Freeze proofing will not typically be required on direct rail shipments. PURCHASER shall advise SELLER on an "as needed" basis of the amount and frequency needed.

7.06 Delivery Short Falls. In the event Seller shall fail to deliver, or Buyer shall fail to accept delivery of, any shipment(s), the missed shipment(s) shall be re-scheduled on a ratable basis over the remainder of the calendar year during which the shipment(s) was missed. If at the end of the term of this Agreement, not all missed shipment(s) have been rescheduled, and delivered, such remaining missed shipment(s) shall be rescheduled and delivered during the twelve (12) months following the end of the term of this Agreement.

8.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, by the certified scales at PURCHASER's Crystal River facility (if available), or if the Crystal River scales are not available then by the carrying railroad over certified railroad scales, the cost of which shall be borne by PURCHASER. If SELLER's scales and the Crystal River scales are unavailable and if the railroad is unable to weigh the shipped coal, the average weight of the five (5) trains most recently shipped by SELLER to PURCHASER shall be used for billing purposes.

8.02 Sampling and Analysis.

A. Sampling. Analysis of the samples of coal subject to this Agreement shall be performed on each shipment based on samples taken by SELLER'S automatic sampling system at the mine by a third party employed by PURCHASER and approved by SELLER at the mine or, transloading facility in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER. In case of any failure of the automatic sampler, at the mine, the coal shall be sampled using the automatic sampling system at PURCHASER's Crystal River facility, and if the Crystal River sampling system is inoperable, trainloads may be hand-sampled at the load out in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to PURCHASER. The third sub-sample shall be placed in a suitable container and saved for SELLER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. Analyses to be Made. The analyses to be made according to methods described in the applicable standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. **Acceptance of Results.** The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads or barges delivered during such month; provided, however, that if either party, within thirty (30) days, questions the correctness of the original analysis made on the laboratory sample, it shall have the right to have the check sample analyzed by a commercial testing laboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at the Delivery Point.

9.01 Coal Specifications. Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0"). The coal shall be prepared so as to be substantially free from quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine

impurities as determined by PURCHASER, and shall have the following specifications per shipment on an "as-received" basis:

SPECIFICATION	GUARANTEED	REJECT
Moisture	7.0%	>8.5%
Ash	12.00%	>12.5%
Sulfur	2.10 LB/SO_2 per Million Btu	>2.20LB/SO_2 per Million Btu
Pyritic Sulfur*	<0.2%	>0.2%
Volatile	31.0 %	<30.0%
Ash Fusion - Softening (H=W), Reducing	2500°F	<2500°F
Grindability	43 HGI	<40 HGI
Calorific Value	12,100 Btu/LB	<11,900 Btu/LB
Fines (-1/4")	48%	>55%

*If SELLER determines in its reasonable opinion that it is unable to meet the specification parameter for pyritic sulfurs, SELLER and PURCHASER will meet to determine what actions are necessary to resolve the issue.

SELLER will provide, as necessary magnets and metal detectors or other suitable equipment at the loading facilities.

9.02 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in 9.01, and PURCHASER may notify SELLER to

suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S reasonable satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement.

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 2.10 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit").

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 2.10 LB of sulfur dioxide per million Btu's, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Penalty

Sulfur Adjustment = [redacted] the F.O.B. Mine Price

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A.

(2) If PURCHASER rejects any shipment under 9.02 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 2.10 LB of sulfur dioxide per million Btu's of

heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit, the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred, including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER.

10.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), faults in coal seams, other geological anomalies beyond what is normally encountered within a respective coal seam, interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or

delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its all reasonable efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the mutual agreement of PURCHASER and SELLER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production of the coal property or properties which provided coal sold under this Agreement in the three (3) month period ending just prior to the force majeure, or shorter period if the force majeure occurs within the initial three (3) months of the term of this Agreement immediately prior to such force majeure and the numerator of which is the production of such coal property or properties during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless PURCHASER and SELLER mutually agree that its effect can be avoided in a lawful and reasonable manner, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

11.01 Audit. SELLER agrees to maintain books, records, documents and other evidences pertaining to the amounts invoiced by SELLER under this Agreement (herein collectively called the "records") to the extent and in such detail as will properly reflect all items of whatever nature for which payment, reimbursement or adjustment in Base Price of coal is claimed under the provisions of this Agreement. Upon the request of PURCHASER, SELLER shall make available at SELLER'S office said records along with related correspondence, receipts, vouchers and memoranda pertaining to amounts invoiced under this Agreement for inspection, audit or reproduction by any authorized representative of PURCHASER. SELLER shall preserve all such records with respect to each shipment of coal for a period of twelve (12) months after final payment for such shipment, during which time PURCHASER shall complete any audit it may desire. The applicable records shall be preserved until audit is completed or, should there otherwise be questions raised regarding such recording, until agreement with regard to same is reached.

11.02 Mine Access Rights. SELLER shall at all times carry out its mining operations consistent with obligations to meet the production and delivery schedule as provided herein. Upon prior notification to SELLER, PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so long as it does not unreasonably interfere with SELLER'S operations. PURCHASER and its agents shall have access to the mine and to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

13.01 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

14.01 Attorney's Fees. In the event either party should fail to pay to the other any amount due and payable under this Agreement and a party employs an attorney to collect and recover such amounts and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

15.01 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

15.02 Default, Remedies and Damages.

A. Default. An event of default ("Event of Default") with respect to a party (the "Defaulting Party") shall mean any of the following: (i) the failure of Defaulting Party to pay when due any required payment and such failure is not remedied within three (3) business days after

written notice thereof (provided the payment is not subject to a good faith dispute, in which event such good faith dispute shall not relieve a party's obligation to timely pay such portion of a payment that is not in dispute); (ii) the failure of the Defaulting Party to comply with its other material obligations under this Agreement, and (b) events that are otherwise specifically covered in this Section 15.02 as a separate Event of Default) and such failure continues uncured for ten (10) business days after written notice thereof, provided that if it shall be impracticable or impossible to remedy such failure within such ten (10) business day period, the cure period shall be extended for an additional period reasonably necessary to remedy such failure subject to the condition that during the additional period, the Defaulting Party shall be diligently pursuing a remedy for the failure; (iii) the Defaulting Party shall be subject to a bankruptcy proceeding under the United States Bankruptcy Code; (iv) any representation or warranty made by a party herein shall prove to be untrue in any material respect when made.

B. Remedies. If an Event of Default occurs with respect to a Defaulting Party at any time during the Term of this Agreement, the other party ("Non-Defaulting Party") may, in its sole discretion, do any or all of the following: (i) by not more than twenty (20) days written notice to the Defaulting Party specifying the relevant Event of Default, establish a date (which date shall not be earlier than the date that such notice is effective) as an early termination date ("Early Termination Date") on which this Agreement will terminate, (ii) withhold any payments due in respect of this terminated Agreement (hereinafter referred to as "Terminated Agreement"); however, the payment arising prior to the event of default shall be completed if the Defaulting Party has already performed under the Agreement (iii) suspend performance under this Agreement, and/or (iv) exercise such other remedies as may be provided in this Agreement.

If an Early Termination Date is established, the Non-Defaulting Party shall in good faith calculate its damages in accordance with the terms of Section 15.02D of this Agreement. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party may withhold any payment otherwise owed to the Defaulting Party hereunder, until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion that (i)

all amounts due and payable as of the Early Termination Date by the Defaulting Party under this Agreement or otherwise with the Non-Defaulting Party have been fully and finally paid, and (ii) all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement or otherwise which are due and payable as of the Early Termination Date have been fully and finally performed.

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, WHETHER BASED ON BREACH OF CONTRACT, NEGLIGENCE OR OTHER LEGAL THEORY. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURE OF DAMAGES PROVIDED IN THIS SECTION 15.02 SATISFY THE ESSENTIAL PURPOSES HEREOF AND ARE THE EXCLUSIVE REMEDY FOR DEFAULT BY A PARTY. ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

C. Damages. Unless excused by Force Majeure or the PURCHASER'S failure to perform, if the SELLER fails to deliver all or part of the quantity of coal to be delivered hereunder, the SELLER shall pay the PURCHASER for each ton of such deficiency (the "Deficiency") an amount equal to the positive difference, if any, obtained by subtracting the Base Price for the Deficiency from the Replacement Price. "Replacement Price" means the price at which the PURCHASER, acting in a commercially reasonable manner, purchases substitute coal for the Deficiency or, absent such a purchase, the market price for such quantity of coal f.o.b. the Delivery Point or Alternate Delivery Point as the case may be, as determined by the PURCHASER in a commercially reasonable manner. It is expressly agreed that the PURCHASER shall not be required to enter into a replacement purchase and sale of coal in order to determine Replacement Price.

Unless excused by Force Majeure or the SELLER'S failure to perform, if the PURCHASER fails to accept all or any part of the quantity of coal to be delivered hereunder, the PURCHASER shall pay the SELLER for each ton of the Deficiency an amount equal to the

positive difference, if any, obtained by subtracting the Sales Price from the Base Price. "Sales Price" means the price at which the SELLER, acting in a commercially reasonable manner, resells (if at all) the Deficiency or, absent such a sale, the market price for such quantity of coal f.o.b. the Delivery Point or Alternate Delivery Point as the case may be, as determined by the SELLER in a commercially reasonable manner. It is expressly agreed that the SELLER shall not be required to enter into a replacement purchase and sale of coal in order to determine the Sales Price. Each party hereby stipulates that the payment obligations set forth in this Section 15.02 are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each party hereby waives the right to contest such payments as an unreasonable penalty or otherwise. The remedy set forth in this Section 15.02 shall be the sole and exclusive remedy of the aggrieved party for the failure of the other to deliver or accept, as the case may be, the quantity of coal specified herein, and all other damages and remedies are hereby waived as to such failure(s).

16.01 NO WARRANTIES. SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE SUITABILITY OF COAL DELIVERED HEREUNDER FOR USE IN PURCHASER'S FACILITIES INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

17.01 Independent Contractor. 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.

18.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 **Assignments.** Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld; provided, however, SELLER or PURCHASER may assign this Agreement to any parent, subsidiary or affiliate or assign this Agreement for financing purposes without consent of the other party providing satisfactory guarantees are provided.

20.01 **Partial Dispute.** Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. Should it later be determined that additional payments are due from PURCHASER to SELLER, such amount shall be paid together with interest from the date payment was due as provided herein at the prime rate for preferred customers on loans not to exceed thirty (30) days as from time to time quoted by the Morgan Guaranty Trust Company of New York, New York, during pendency of the dispute.

21.01 **Captions.** The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

22.01 **Applicable Law and Venue.** All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Delaware without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in New York City, New York, and/or the federal court district encompassing said city.

23.01 **Conflict of Interest Policy.** PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees, and intended to ensure that all business activities of

PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER and PURCHASER agree to conduct their activities in support of said conflict of interest policy, specifically as follows:

(a) Either shall promptly disclose to the other the existence of any material financial interest held in the other, at any time during the term of this Agreement, by any employee or member of an Employee's immediate family. The holding of publicly traded securities in the other need not be disclosed unless the employee is directly or indirectly involved in dealing with the other.

(b) Either shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any of the other's employee, unless such service or employment is specifically authorized by the President or Board of Directors of the other.

(c) Either shall not offer to any of the other's employee or member of an employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

24.01 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

25.01 Confidentiality. Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be

damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated entities of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

26.01 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.

WITNESS:

PROGRESS FUELS CORPORATION

BY: _____
Vice President—Coal Procurement

Date Executed: 9/8/04

WITNESS:

MASSEY UTILITY SALES COMPANY

BY: _____
Senior Vice President

Date Executed: 9/9/04

EXHIBIT A
Approved Locations

Approved Sources – CSX Rail Direct

RR	Resource Group	Railroad Mine Name	Railroad Mine Number	Railroad Shipping Point	Batch Weigh	Type Loadout	OPSL Number	Railroad Freight District	County
CSXT	Bandmill Coal Corp.	MacBeth	82733	Hutchinson, W.V.	Y	4	CSXT-6581(	Logan	Logan
CSXT	Elk Run Coal Co.	Crystal River	82231	Sylvester, W.V.	Y	4	CSXT-6483	Kanawha	Boone
CSXT	Endurance	Ashley Kay	81993	Ashley Kay, W.V.	N	4	CSXT-6511	Kanawha	Logan
CSXT	Feats	Feats	81016	Feats, W.V.	N	4	CSXT-6561	Kanawha	Logan
SXT	Omar Mining Co.	Chesterfield	82034	Holbrook, W.V.	N	4	CSXT-6522(	Kanawha	Boone
CSXT	New Ridge Mining Co	New Ridge	84191	Goff, KY	Y	4	CSXT-6746	Big Sandy	Pike
CSXT	Stirrat Coal Co.	Stirrat	82693	Stirrat, W.V.	N	4	CSXT-65610	Logan	Logan

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12,100 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Delivered Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12,200 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12,200 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Delivered Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.)

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of twelve percent (12%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	PENALTY
>13%	[redacted] of the Base Price per 1% ash to the nearest 0.1%

ASH CONTENT	PREMIUM
<11.0%	[redacted] 1.0% to then nearest 0.1%

APPENDIX B

Railroad and Railcar Demurrage/Detention Costs

A. RAILROAD CHARGES:

1. Detention: As published in Tariff ICC CSXT-8200-Series as in existence on the effective date of this Agreement.

2. Dead Freight: Actual railroad charges unless railcars loaded to 95 percent capacity (non-batch weigh) or 98 percent from batch weigh.

3. Crew Change: [redacted] per change, as in existence on the effective date of the Agreement.

XC: AWP
RFP
FHL
HJR
CAL
TMM
VHM
DMD
ABF
VICKY HICKS

FIRST AMENDMENT
TO THE AGREEMENT FOR THE SALE AND PURCHASE OF COAL
BETWEEN
PROGRESS FUELS CORPORATION
AND
SEQUOIA ENERGY, LLC

THIS FIRST AMENDMENT (hereinafter "First Amendment") to the Agreement for the Purchase and Sale of Coal dated July 8, 2004, (hereinafter the "Agreement"), is entered into as of the **15th** day of July, 2004, with an effective date of January 1, 2005, by and between PROGRESS FUELS CORPORATION, a Florida corporation (hereinafter "Purchaser") and SEQUOIA ENERGY, LLC., a Kentucky corporation (hereinafter "Seller").

WHEREAS, Purchaser and Seller desire to include additional language covering governmental impositions to the existing terms and conditions of its Agreement;

NOW, THEREFORE, in consideration of the foregoing, Purchaser and Seller agree as follows:

A new Section 5.02, Governmental Impositions, is added to the Agreement as follows:

5.02 Governmental Impositions. The parties also recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, or policies which impact Purchaser's costs and which make it impossible or economically impractical for Purchaser to utilize in PEF's Generating Units this or like kind and quality of coal which thereafter would be delivered hereunder. If, as a result of the increased costs associated with the adoption of such laws, regulations, or policies, Purchaser decides that it will be impossible or economically impractical for Purchaser to utilize in PEF's Generating Units coal which would be delivered hereunder, Purchaser shall so notify Seller and thereupon Purchaser and Seller shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in Purchaser's judgment, such actions will, without unreasonable expense to Purchaser, make it impossible and economically impractical for Purchaser to so utilize coal which thereafter would be delivered hereunder without violating any applicable law, regulation or policy, Purchaser shall have the right, upon six (6) month's prior notice to Seller, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that, if the impracticality of Purchaser's utilizing the coal is only on economical grounds, Seller may, at its option, prevent such termination by agreeing to reimburse Purchaser for such expense to the extend that Purchaser deems such expense to be reasonable.

The parties recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, or policies which impact Seller's mining cost and which will make it impossible or economically impractical for Seller to continue delivery hereunder. If, as a result of the increased costs associated with the adoption of such laws, regulations, or policies, Seller decides that it will be impossible or economically impractical for Seller to continue delivery hereunder, Seller shall so notify Purchaser and thereupon Seller and Purchaser shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in Seller's judgment, such actions will, without unreasonable expense to Seller, make it impossible and economically impractical for Seller to continue to deliver coal

hereunder without violating any applicable law, regulation, policy or restriction, Seller shall have the right, upon six (6) month's prior notice to Purchaser, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that if the impracticality of Seller's continuing to deliver coal hereunder is only on economical grounds, Purchaser may, at its option, prevent such termination by agreeing to reimburse Seller for such expense to the extent that Seller deems such expense to be unreasonable.

In all other respects, Purchaser and Seller hereby ratify and reaffirm the Agreement as herein amended.

IN WITNESS WHEREOF, each party has caused this First Amendment to be executed on its behalf by its proper officer thereunto duly authorized, all effective as of the day and year first above written.

WITNESS:

Roberta G. Utt

F. Michael Golak

PROGRESS ~~FUELS CORPORATION~~

BY: _____

Vice President – Coal Procurement

Date Executed: 7/15/04

WITNESS:

Dan Henderson

Tim Hall

SEQUOIA ENERGY, LLC

BY: Stanley R. Dotty

~~President~~ Managing Member

Date Executed: August 19, 2004

XC: AWP
RFP
FML
MJK
CAL
TMM
VMM
DHD
ABF
Vicky Hicks

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

SEQUOIA ENERGY, LLC

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 8th day of July, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and SEQUOIA ENERGY, LLC, a Kentucky corporation, North 19th Street Extension, Middlesboro, Kentucky, 40965 (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 1 and No. 2 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 **Mutual Obligations.** SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 SELLER'S Reserves and Preparations for Selling Coal. SELLER represents and warrants that SELLER owns or leases the Coal Property. SELLER further represents and warrants that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it will immediately proceed to mine coal from the Coal Property and 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 sales and deliveries of coal to PURCHASER in accordance with the further provisions hereof. SELLER hereby expressly dedicates to PURCHASER 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 shall not ship any coal hereunder mined from any source other than the Coal Property without the prior written approval of PURCHASER.

3.01 Quantity. During calendar year 2005, the quantity of coal to be delivered hereunder shall be 120,000 net tons. During calendar year 2006, the quantity of coal to be delivered hereunder shall be 240,000 net tons.

4.01 Term. The term of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twenty-four (24) months. This Agreement will expire on December 31, 2006.

5.01 Base Price. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be [redacted] per ton fixed for the term of this Agreement, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the term of this Agreement.

6.01 Billing and Payment. SELLER shall invoice PURCHASER monthly for the coal delivered to PURCHASER during the preceding month at the base price as shown in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

7.01 Delivery and Title. Delivery shall commence during January 2005. Time is of the essence. Delivery will be at PURCHASER'S option as provided in Section 7.02, in railroad cars or trucks f.o.b. the Coal Property and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff (as defined hereinafter). PURCHASER represents that it will supply transportation equipment as required for delivery. Delivery shall be in approximately equal monthly installments wherever possible; however, PURCHASER retains the right to alter monthly shipping schedules on a reasonable basis to meet monthly burn requirements at PEF's Generating Units and to conform to PURCHASER'S unit train and river barge tonnage requirements. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time the trains or trucks are completely loaded and have been released by SELLER.

7.02 Shipment; Applicable Contract or Tariff. It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at Bardo, Kentucky, to destinations specified by PURCHASER. Notwithstanding the foregoing, PURCHASER shall have the option to ship the coal by truck or rail to river docks for movement on the American inland waterway system. Coal for shipment by river from a single origin shall be scheduled in shipments

to meet PURCHASER'S river barge requirements, not to exceed 22,500 tons for loading into fifteen (15) barge unit tows.

Unless waived in writing by PURCHASER (as may be done in the case of river shipments), SELLER will provide, at its own expense, off-mainline rail trackage sufficient for efficient and dependable loading of unit trains at or near the mine loading site or at another mutually acceptable location in accordance with schedules set by PURCHASER. SELLER shall operate such loading facilities twenty-four (24) hours per day, seven (7) days per week, if and as needed, regardless of mine holidays or vacation periods, and shall fully load unit trains comprised of approximately ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 9,600 tons per 90-car unit train or 107.0 minimum tons per car) at such loading facilities or in accordance with the applicable contract or tariff for shipments hereunder. SELLER shall load each car at least to the minimum tonnage requirements of the railroad as defined in the CSXT-8200 Series Tariff in effect at the time shipments are made. "Arrival" shall be deemed to have occurred when the SELLER is notified by the CSX trainmaster that a train is **available** for loading. Requests by the SELLER to the CSX to "hold" trains will not allow SELLER to avoid charges referenced in Appendix B.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Section 3, Item 3000, Tariff ICC CSXT-8200-Series, including supplements thereto or reissues thereof, will apply; and SELLER shall be responsible for such charges.

Shipment of coal under this Agreement (other than by truck) shall be made in accordance with the contract which PURCHASER has negotiated with the railroad or in the absence thereof the applicable tariff (herein called the "applicable contract or tariff"). SELLER acknowledges receipt of same and expressly assumes the obligations imposed on the consignor under the applicable contract or tariff, and SELLER agrees to load unit trains in a manner and at an effective

rate sufficient to load the quantities of coal scheduled for delivery under this Agreement and sufficient to qualify PURCHASER for the applicable contract or tariff without demurrage, car detention, dead freight or other penalties or charges; provided, however, that PURCHASER provides transportation equipment on a regularly scheduled basis sufficient to enable SELLER to fulfill the terms of this Agreement. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities will interfere with or impair SELLER'S obligations as set forth in this Agreement. The provisions of Sections 7.04 and 7.05 of this Agreement shall not be deemed to limit or modify any of SELLER'S obligations or PURCHASER'S rights hereunder.

If the applicable contract or tariff is amended, supplemented or replaced, subsequent shipments of coal shall be made by SELLER in accordance with the terms of the applicable contract or tariff as amended, supplemented or replaced in so much as Seller's loading facility is capable of loading shipments in accordance with the amended, supplemented or replaced agreement. Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER either shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges or, at PURCHASER'S sole discretion, may terminate the Agreement. Payments shall begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

7.03 Freight Charges. Subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff.

7.04 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 10.01 hereof or the applicable tariff, SELLER shall pay PURCHASER or railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to marked capacity which PURCHASER is required to pay under the applicable tariff. In addition, SELLER shall pay PURCHASER reasonable lost railcar utilization charges for failure to timely and fully load and/or time lost to unload overloaded railcars of PURCHASER. Examples of these charges are listed in Appendix B.

7.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to have available sufficient coal to satisfy the quantity requirements of Section 3.01 on the regularly scheduled basis referred to in Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable contract or tariff (dead freight, volume incentive threshold, annual volume guarantee) and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such contract or tariff to pay in excess of the amount of such charges that would have been payable with respect to the coal actually shipped had tonnage requirements been met. In the event locomotives and train crew are released without a unit train of loaded cars being released to the railroad, detention charges, which include charges for locomotives, if any, will cease at the time of notification of such release. When a train crew and locomotives are again required by SELLER for service, a charge of [redacted], as adjusted by the railroad, will be assessed by the railroad and paid by SELLER and the detention and free time provisions will again be applicable upon the arrival of locomotives and crew at the mine loading site.

7.06 Payment of Excess Costs to PURCHASER. Any payments required by Sections 7.04 and 7.05 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 then owed by PURCHASER to SELLER hereunder.

7.07 Freeze Proofing. When required by the river transfer terminal, a PURCHASER approved freeze proofing material will be applied by SELLER. The price of the application to PURCHASER will be determined on a case-by-case basis, but shall not exceed seller's cost. Freeze proofing will not typically be required on direct rail shipments. SELLER shall be advised by PURCHASER as to amounts of freeze proofing required on an "as needed" basis.

8.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, PURCHASER may order weighing by the carrying railroad over certified scales or may use the average of the net weights of the five (5) prior unit trains. Notwithstanding the above, at PURCHASER'S option, weight may be determined by certified scale at discharge point in the event Seller's certified scales are unavailable.

8.02 Sampling and Analysis.

A. Sampling. Sampling of coal subject to this Agreement shall be performed on each shipment with an automatic sampling system by a third party employed by PURCHASER at the mine or at PEF's Crystal River power plant in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER. In case of any failure of the automatic sampler, trainloads may be hand-sampled in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to PURCHASER. The third sub-sample shall be placed in a suitable container and saved for SELLER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. Analyses to be Made. The analyses to be made according to methods described in the applicable standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. Acceptance of Results. The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads delivered during such month; provided, however, that if either

party, within thirty (30) days, questions the correctness of the original analysis made on the laboratory sample, it shall have the right to have the check sample analyzed by a commercial testing laboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at origin.

9.01 Coal Specifications. Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0") in size with no intermediate sizes removed. The coal shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine impurities as determined by PURCHASER and shall have a temperature below 131° Fahrenheit, and shall have the following specifications per shipment on an "as-received" basis:

SPECIFICATION	TYPICAL	REJECT
Moisture	6.0%	>8.0%
Ash	8.0%	>12%
Sulfur	1.7 LB/SO_2 per Million Btu	<1.5 LB/SO_2 per Million Btu >2.1 LB/SO_2 per Million Btu
Volatile	34.0%	<31.0%
Ash Fusion - Softening (H=W), Reducing	2700°F	<2500°F
Grindability	44 HGI	<40 HGI
Calorific Value	13,000 Btu/LB	<12,500 Btu/LB
Fines (-1/4")	40%	>50%

All shipments shall be free of metal. SELLER shall provide magnets and metal detectors or other suitable equipment as required to satisfy this requirement, Inclusion of metal in coal shipments, if continued, shall be grounds for immediate termination of this Agreement or rejection of shipment.

9.02 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the reject specifications listed in 9.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S satisfaction that it can

deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity; and

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 2.1 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit").

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 2.1 LB of sulfur dioxide per million Btu's, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A.

(2) If PURCHASER rejects any shipment under 9.02 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 2.1 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit, the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred, including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

10.01 **Force Majeure.** As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the

exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the PURCHASER in accordance with a mutually agreeable shipping schedule. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to

the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

11.01 Audit. SELLER agrees to maintain books, records, documents and other evidences pertaining to the costs of producing, mining, handling or loading of coal under this Agreement (herein collectively called the "records") to the extent and in such detail as will properly reflect all items of whatever nature for which payment, reimbursement or adjustment in base price of coal is claimed under the provisions of this Agreement. Upon the request of PURCHASER, SELLER shall make available at SELLER'S office any and all said records along with related correspondence, receipts, vouchers and memoranda pertaining to this Agreement for inspection, audit or reproduction by any authorized representative of PURCHASER. SELLER shall preserve all such records with respect to each shipment of coal for a period of twenty-four (24) months after final payment for such shipment, during which time PURCHASER shall complete any audit it may desire; provided, however, such time limitation shall not apply in cases whereby material misrepresentation, fraud or similar circumstances are claimed. The applicable records shall be preserved until audit is completed or, should there otherwise be questions raised regarding such recording, until agreement with regard to same is reached.

11.02 Mine Access Rights. SELLER shall at all times carry out its mining operations consistent with obligations to meet the production and delivery schedule as provided herein. PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so long as it does not unreasonably interfere with SELLER'S operations. PURCHASER and its agents shall have access to the mine and to any and all data related to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

12.02 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

13.01 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within sixty (60) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

14.01 Applicable Law and Arbitration. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. Any dispute arising out of or relating to the Contract which the parties cannot settle by mutual accord, shall be referred to arbitration in Tampa, Florida, USA. in accordance with the Rules of Arbitration of the American Arbitration Association (AAA) in force at the time of arbitration.

The Board of Arbitration shall be composed of three arbitrators, one of whom shall be chosen by the Seller, one by the Purchaser, and the third by the two so chosen. If both or either of the parties fail to choose an arbitrator within fourteen (14) days after receiving notice of commencement of arbitration proceedings, or if the two arbitrators chosen cannot agree upon a third arbitrator within fourteen (14) days after they have been chosen, said third arbitrator shall be appointed by A.A.A. The decision of the majority of the arbitrators shall be final and binding on the parties hereto, including the decision as to allocation of the cost of such arbitration, and may be entered in any court having jurisdiction.

15.01 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

15.02 Environment, Health, and Safety.

A. Compliance and Indemnification. SELLER shall comply with all applicable EHS laws and shall indemnify PURCHASER against any EHS claims and costs arising from SELLER'S performance under this Agreement.

B. Audits. PURCHASER may audit SELLER'S EHS compliance. Within thirty (30) days of PURCHASER'S request, SELLER shall deliver to PURCHASER (1) all records regarding (a) SELLER'S actual or alleged violations of EHS laws and (b) EHS claims asserted against SELLER, in each case in the five year period preceding PURCHASER'S request and (2) any executed consent form(s) necessary for PURCHASER to obtain from regulatory agencies and other third parties information regarding SELLER'S EHS compliance.

D. Definitions (as used in this Agreement).

1. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

16.01 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement,

such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

17.01 Independent Contractor. 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.

18.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto. In the event that there shall be a change of control of SELLER or any company which controls SELLER directly or indirectly (as the term control is defined in the Federal Securities Law), PURCHASER will have the right to terminate this Agreement.

20.01 Partial Dispute. Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. Should it later be determined that additional payments are due from PURCHASER to SELLER, such amount shall be paid together with interest from the date payment was due as provided herein at the prime rate for preferred customers on loans not to exceed thirty (30) days as from time to time quoted by the Morgan Guaranty Trust Company of New York, New York, during pendency of the dispute.

21.01 Oil Back Out. If during the term of this Agreement, the New York Harbor Daily Spot Market Cargo Price for No. 6 Fuel Oil, 1.0 percent maximum sulfur, as published in Platt's U. S. Marketscan under the heading "Estimated Gulfcoast Waterborne," averaged over a thirty (30) consecutive day period (hereinafter the "average" price), is less than or equal to the price specified below (hereinafter the "target price"), then PURCHASER, at its sole option, may reduce the monthly ratable quantity of coal purchased hereunder by [redacted] percent for each calendar month that the average price is less than or equal to the target price. The target price shall be [redacted] per barrel during calendar year. PURCHASER may exercise this option by giving written notice to SELLER within fifteen (15) business days of the date that that PURCHASER determined that the average price is less than or equal to the target price at or below the aforementioned values. The [redacted] percent reduction percentage, if PURCHASER exercises its option, shall be effective at the beginning of the calendar month immediately following the calendar month in which notice is given to SELLER. The foregoing provision shall apply irrespective of whether PURCHASER or PURCHASER'S intended customer, PEF, obtains replacement fuel or power as a consequence of oil prices.

22.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

23.01 Conflict of Interest Policy. PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee, unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

24.01 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

25.01 Confidentiality. Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be

damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated corporations or unincorporated divisions of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

26.01 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.

WITNESS:

Roberta R. Ott

Mary J. Bosserath

PROGRESS FUELS CORPORATION

BY: _____

Vice President—Coal Procurement

Date Executed: 7/8/04

WITNESS:

Tim Hall

Black Gold, LLC.

SEQUOIA ENERGY, LLC

BY: Stanley P. Ditty

President

Date Executed: July 15, 2004

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12,700 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12,700 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12,700 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.)

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of ten percent (10.0%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
10%	[redacted] of the Base Price per 1% ash over to the nearest 0.1%
12%	[redacted] of the Base Price per 1% ash over to the nearest 0.1%

APPENDIX B

Railroad and Railcar Detention Costs

A. **RAILROAD CHARGES:**

1. Detention: As published in Tariff ICC CSXT-8200-Series, including supplements thereto and re-issues thereof.

2. Dead Freight: Actual railroad charges.

3. Crew Change: [redacted] per change, subject to periodic adjustment by the railroad.

B. **PFC RAILCAR CHARGES:**

1. Lost Utilization Charges: Sum of a. and b. below.

   a. Delay of Train = [redacted] per car per day of delay.

   b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x [redacted] = P$

   Where: AC = actual number railcars
   AW = actual weight of trains
   P$ = penalty in dollars

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

CENTRAL COAL COMPANY

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 13th day of September, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and CENTRAL COAL COMPANY, a West Virginia corporation, 148 Bristol East Road, Bristol, Virginia, 24202 (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a long-term purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

1.02 Warranty and Dedication of SELLER'S Reserves. SELLER represents and warrants that SELLER owns, leases or controls mineral interests containing reserves in seams sufficient in quality and quantity to supply the coal covered by this Agreement (hereinafter the "Coal Property"). SELLER hereby expressly dedicates to PURCHASER 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 further agrees to reimburse PURCHASER for any increased cost that might be incurred to replace coals that SELLER is unable to ship on this contract.

1.03 Quantity. During the term hereof, the quantity of coal to be delivered hereunder shall be 600,000 net tons.

1.04 Term. The term of this Agreement will commence on January 1, 2005 and will continue in effect for a period of twenty-four (24) months.

1.05 Base Price. The base price per ton of coal, f.o.b. PURCHASER'S barge at Winifrede dock on the Kanawha River, (hereinafter "base price") shall be fixed at [redacted] per ton, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement.

1.06 Billing and Payment. SELLER shall invoice PURCHASER for the coal delivered to PURCHASER on a per-barge basis at the base price as shown in Section 1.05 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated

as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

2.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by certified belt scales at the barge loading point or by barge survey at PURCHASER'S option and expense.

2.02 Delivery and Title. All coal to be supplied under this Agreement shall be from SELLER'S mines located in Kanawha County, West Virginia. Delivery shall commence on or about January 1, 2005, and shipments shall be as uniform as practicable during contract period, plus or minus ten percent (10%). SELLER and PURCHASER shall mutually agree on actual shipment dates. For months in which SELLER fails to achieve these delivery rates through no fault of PURCHASER'S, PURCHASER shall have, in addition to any other rights it may have at law or in equity, the right to acquire suitable substitute or replacement coal. In such event, SELLER shall reimburse PURCHASER for the amount by which the cost of substitute or replacement coal exceeds the price of coal under this Agreement. The quality analysis performed by an independent certified testing company selected by PURCHASER would be final and binding as to all questions of quality. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time PURCHASER'S river barges are completely loaded and have been released by SELLER.

2.03 Shipment. It is presently contemplated that coal sold hereunder will be shipped by barge from Winifrede dock on the Kanawha River.

SELLER warrants its terminals provide adequate and safe dock and harbor facilities for river barges and are free of wharfage, dockage or port charges. SELLER further warrants its terminals are capable of loading a minimum of three (3) 1,500 net ton river barges per day without

unusual shifting or loading delay. SELLER shall operate its terminals twenty-four (24) hour per day, seven (7) days per week, if and as needed to load PURCHASER'S barges. PURCHASER shall nominate load dates to SELLER on a month-by-month basis; SELLER'S approval of such not to be unreasonable withheld. SELLER shall be responsible for all loss of, or damage to, any barge provided hereunder and for the loss of any coal in said barge (other than damage or loss due to normal wear and tear, latent or patent defects in the barge existing at the time of delivery) occurring after such barge has been delivered to SELLER at SELLER'S terminal and while in the custody, control and possession of SELLER, if such loss or damage was caused by SELLER'S negligence. SELLER shall, at its own expense, carry and maintain wharfinger's liability insurance or equivalent coverage for its terminals naming PURCHASER as an additional insured under the policy. SELLER agrees to provide to PURCHASER a copy of this insurance within ten (10) working days from the signing of this Agreement. SELLER shall have the right, but not the duty, to refuse to load any barges which SELLER considers unseaworthy. In such event, SELLER shall promptly notify PURCHASER. The loading and switching of barges between the time PURCHASER delivers the barges and the time PURCHASER picks up the barges shall be SELLER'S risk and expense.

PURCHASER shall be solely responsible for making and providing all necessary arrangements with barge carriers for barges to be loaded hereunder. PURCHASER shall provide or cause its barge carrier to provide SELLER seven (7) and one (1) day advance notices of the estimated time of arrival of barges at the loading origin.

A barge shall be deemed to have been delivered to SELLER and be in SELLER'S custody, control and possession when it has been secured by or on behalf of PURCHASER at SELLER'S terminal to await loading, and shall be deemed to be released when untied for pickup by or on behalf of PURCHASER from SELLER'S terminal.

SELLER agrees to load purchaser's barges in a good and workmanlike manner according to drafts or other instructions as issued by PURCHASER or its agent. Any costs

associated with SELLER'S failure to load barges in accordance with instructions issued by PURCHASER or its agent; such as, dead freight or reducing overloaded barges, shall be for SELLER'S account. SELLER shall make every reasonable effort to avoid loading barges which contain excess free water, ice, metal, wood or other debris. SELLER shall not load in each end piece barge less than 1,400 net tons and in each box barge less than 1,600 net tons unless otherwise instructed by PURCHASER or its agent.

SELLER shall have two (2) days free time per barge to load. Laytime shall commence the first 0700 following actual or constructive placement and shall end the first 0700 following completion of loading. Demurrage, if any shall be reconciled on a quarterly basis and paid in accordance with Appendix B.

2.04 Freight Charges. Subject to reimbursement provided by Sections 2.05, PURCHASER shall pay all freight and other charges imposed by its barge carrier.

2.05 Excess Loading Costs Chargeable to SELLER. SELLER shall be responsible for any origin river barge demurrage costs assessed by PURCHASER'S barge contractor provided such demurrage costs are, in fact, incurred by PURCHASER and are not excused pursuant to Section 4.01 hereof. SELLER agrees to exercise its best efforts to load PURCHASER'S barges in an expeditious manner.

2.06 Payment of Excess Costs to PURCHASER. Any payments required by Sections 2.05 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 then owed by PURCHASER to SELLER hereunder.

3.01 Coal Specifications. Coal delivered hereunder shall be crushed to two inches (2") by zero inches (0") in size with no intermediate sizes added or removed. It shall be prepared so as to be free of bone, slate, shale, fire clay, wood, metal, rock, loose clay and other impurities, as determined by PURCHASER, shall have a temperature below 131 degrees Fahrenheit and shall have the following per barge specifications analyzed on an "as-received" basis. SELLER or SELLER'S terminal shall provide magnets and/or metal detectors, as required, to ensure that metal is eliminated from product.

SPECIFICATION	TYPICAL	REJECT
Moisture (Total)	7.0% (maximum)	>8.0%
Ash	<12.0% (maximum)	>12.0%
Sulfur Dioxide	<1.2 LB/SO_2 per Million Btu	>1.2LB/SO_2 per Million Btu
Pyritic Sulfur	<0.2%	>0.2%
Volatile	33.0% (minimum)	<31.0%
Ash Fusion - Softening (H=W), Reducing	2700°F (minimum)	<2500°F
Grindability	45 HGI (minimum)	<45 HGI
Calorific Value	12,300 Btu/LB (guaranteed)	12,300 Btu/LB
Fines (-1/4")	45% (maximum)	>45%

All shipments shall be free of metal. SELLER shall provide magnets and metal detectors or other suitable equpment as required to satisfy this requirement. Inclusion of metal in coal shipments, if continued, shall be grounds for immediate termination of this Agreement or rejection of shipment.

3.02 Sampling and Analysis. For all coal delivered under this Agreement, PURCHASER shall appoint a mutually agreeable third party commercial laboratory to collect and analyze a representative sample of each shipment. At PURCHASER'S discretion, sampling may be performed at loading, transloading, or unloading facility.

A. Standards. Current versions of the ASTM standards or subsequent revisions thereof shall apply to equipment and methods used for sampling and analyzing coal under this Agreement, unless specifically stated and mutually agreed to otherwise. PURCHASER and

SELLER shall agree as required on standard reference materials for use in performing analyses where applicable.

B. **Sampling.** Sampling of coal subject to this Agreement shall be performed by a third party laboratory selected by PURCHASER with an automatic sampling system at the mine, loading point, transloading point, at PURCHASER'S discretion, in conformance with the specifications of ASTM Standards D 2234 and D 2013 except for deviations agreed to in writing by PURCHASER and SELLER. In case of failure of the automatic sampler, shipments shall be hand-sampled per ASTM D 4915. SELLER shall perform bias testing on sampling systems at intervals not to exceed two (2) years as a condition for consideration of utilizing loading samples for basis of payment. PURCHASER has the right to perform or cause to be performed bias tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

Four sub-samples will be divided from each gross sample according to ASTM Standard 2013. All sub-samples shall be placed in suitable containers and distributed as follows:

Sub-sample one shall be for analyses as specified in Sections (c) and (d), and shall be called the Laboratory Sample.

Sub-sample two shall be maintained for a period of thirty days as referee samples as described in Section (e).

Sub-sample three shall be for SELLER'S disposition.

Sub-sample four shall be for PURCHASER'S disposition.

C. **Air Drying.** The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302 except that new minimum and maximum times or procedures may be employed by mutual agreement. An analysis sample shall be prepared from the air-dried sample for further analyses.

D. **Analysis to be Made.** The analyses to be made by a third party commercial laboratory, according to methods described in the applicable standards, are as follows:

Moisture, in weight percentage

Ash Content, in weight percentage

Calorific Value, in Btu's per pound

Sulfur, in weight percentage

Volatile Matter, in weight percentage

PURCHASER may also request analysis for HGI and Ash Fusion tests from time to time. Upon request, additional sub-sample(s) shall be maintained to allow SELLER to perform additional analysis.

E. **Acceptance of Results.** The results of the sampling and analysis by third party laboratory shall be accepted as the quality and characteristics of the coal delivered hereunder in the shipments represented by such samples, and the same shall be accepted as the monthly analysis for the shipments delivered during such month; provided, however, that if either party should at any time question the correctness of the original analysis made on the laboratory sample, it shall have the right to have sub-sample two analyzed by a testing laboratory mutually selected by SELLER and PURCHASER. Said laboratory shall use methods approved by ASTM or other mutually-accepted procedures, and mutually-agreeable standard reference materials.

The analysis of sub-sample two as determined by the commercial testing laboratory shall be accepted as being representative for the lot of coal under consideration. The party questioning the correctness of the original analysis shall pay the cost of such analyses, and the price of coal represented by such samples shall immediately be adjusted in accordance with the provisions of this Agreement, and any amounts due either PURCHASER or SELLER shall be paid in accordance with Section 5 hereof.

PURCHASER shall have the right to have a representative present at any and all times to observe said sampling and analysis and to take reasonable samples.

3.03 **Quality Reports.** Notice of the quality of coal delivered hereunder shall be given by telephone and telecopy to PURCHASER as soon as practical following the loading of coal at origin.

3.04 **Coal Specifications Deficiencies.** For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any barge. If the coal delivered hereunder in any single shipment fails to meet any of the reject specifications set out in Section 3.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A;

provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the reject specifications listed in 3.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S sole satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 3.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity.

3.05 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit") and not more than .2 percent pyritic sulfur.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If, in PURCHASER'S sole determination, PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's or .2 percent pyritic sulfur, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this

Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A. No Btu premiums shall be allowed on any shipment which received the above sulfur penalty.

(2) If PURCHASER rejects any shipment under 3.04 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the

results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

4.01 **Force Majeure**. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, permitting, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, handling, processing or loading of coal by SELLER or the receiving, handling, transporting and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such

force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the PURCHASER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

4.02 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

4.03 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

4.04 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

4.05 Attorney's Fees. In the event either party should default under the terms hereof or fail to perform any of the terms and conditions of this Agreement and a party employs an attorney to protect its interest and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

4.06 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

4.07 Environment, Health, and Safety.

A. Compliance and Indemnification. SELLER shall comply with all applicable EHS laws and shall indemnify PURCHASER against any EHS claims and costs arising from SELLER'S performance under this Agreement.

B. Audits. PURCHASER may audit SELLER'S EHS compliance. Within thirty (30) days of PURCHASER'S request, SELLER shall deliver to PURCHASER (1) all records regarding (a) SELLER'S actual or alleged violations of EHS laws and (b) EHS claims asserted against SELLER, in each case in the five year period preceding PURCHASER'S arequest and (2) any executed consent form(s) necessary for PURCHASER to obain from regulatory agencies and other third parties information regarding SELLER'S EHS compliance.

D. Definitions (as used in this Agreement).

1. Claim means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. EHS means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. Indemnify means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. Law means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. Manage or management, with respect to any material, means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

4.08 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

5.01 Independent Contractor. 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.

5.02 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

5.03 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto. In the event that there shall be a change of control of SELLER or any company which controls SELLER directly or indirectly (as the term control is defined in the Federal Securities Law), PURCHASER will have the right to terminate this Agreement.

5.04 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

5.05 Applicable Law and Venue. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State

of Florida without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in Pinellas County, Florida, and/or the federal court district encompassing said county.

5.06 **Conflict of Interest Policy.** PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee, unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

5.07 **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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

5.08 **Confidentiality.** Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated corporations or unincorporated divisions of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

5.09 **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.

WITNESSES:

Roberta A. Utt

Mary J. Kuderick

WITNESSES:

Kim Jordan

PROGRESS FUELS CORPORATION

BY: _____

Vice President - Coal Procurement

Date Executed: 9/13/04

CENTRAL COAL COMPANY

BY: _____

Date Executed: 10-8-04

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12,300 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12,300 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12,300 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.) PENALTIES WILL RECEIVE A MULTIPLIER OF TWO.

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of eleven percent (11.0%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
Greater Than 12%	[redacted] of the Base Price per 1% ash over to the nearest 0.1%

APPENDIX B

River Barge Demurrage/Detention Costs

Two (2) days free time to load; [redacted]/day or portion thereof thereafter. This rate is subject to change. Demurrage calculations are non-averaging.

XC: AWP
RFP
FHL
MJK
CAL
THH
VHH
DMD
AMY FARRELL
VICKY HICKS

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

MASSEY UTILITY SALES COMPANY

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 9th day of August, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and MASSEY UTILITY SALES COMPANY, a Virginia corporation, Four North Forth Street, Richmond, Virginia 23219 (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 **Mutual Obligations.** SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 **SELLER'S Reserves and Preparations for Selling Coal.** SELLER represents and warrants that SELLER'S affiliates own, lease or otherwise controls coal properties. SELLER

further represents and warrants that the coal properties contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it will mine coal from the coal property and that it has loading facilities, described in Exhibit "A", attached hereto and made a part hereof, capable of loading at the rate required to comply with this Agreement. SELLER hereby expressly dedicates to PURCHASER sufficient reserves of coal meeting the quality specifications hereof and lying on or in the coal properties so as to fulfill the quantity specifications hereof. SELLER shall not ship any coal from sources other than those identified in Exhibit A without the prior written consent of PURCHASER which consent shall not be unreasonably withheld.

3.01 **Quantity.** During each calendar year during the term hereof, the quantity of coal to be delivered hereunder shall be 720,000 tons +/- 5,000 tons or approximately 60,000 tons per calendar month, prorated for any partial calendar year.

4.01 **Term.** The initial term ("Initial Term") of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twelve (12) months. On or before October 1, 2005, the parties shall negotiate in good faith to extend this Agreement for an additional term of twelve (12) months. If the parties, for any reason, are unable to reach agreement for a new Base Price for calendar year 2006 by November 1, 2005, then this Agreement shall extend an additional six (6) months at the Base Price in effect on December 31, 2005 in effect and expire June 30, 2006.

5.01 **Base Price.** The base price per ton of coal, (hereinafter "Base Price") f.o.b. SELLER'S mine loading site, shall be [redacted] per ton, and [redacted] per ton f.o.b. PURCHASER'S barge at Kanawha River Terminals-Ceredo, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement. The Base Price during any extended term shall be as negotiated as provided in

Section 4.01 above. The mine loading site or the Kanawha River Terminal-Ceredo shall be the point of delivery ("Delivery Point"). The Base Price includes as of the effective date of this Agreement all applicable taxes and fees imposed by a governmental body upon the mining, production, loading and delivery of coal hereunder including, but not limited to severance taxes, reclamation fees or Black Lung taxes. PURSHASER shall be responsible for and shall pay the sales or use tax, if any, imposed on the sale and transfer of the coal to PURCHASER.

If the parties are unable to agree to a new Base Price for coal sold f.o.b. PURCHASER's barge at Kanawha River Terminals for calendar year 2006 by November 1, 2005, then the Base Price in effect on December 31, 2005, shall be increased by the amount of increase, if any, in Seller's costs for rail transportation of coal from the mine loading site to the Delivery Point; in such event such increased Base Price shall be in effect from January 1, 2005 through June 30, 2006.

5.02 **Governmental Impositions**. The parties also recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, policies and/or restrictions or a change in interpretation of enforcement which impact PURCHASER'S costs and which make it impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units this or like kind and quality of coal which thereafter would be delivered hereunder. If, as a result of the increased costs associated with the adoption of such laws, regulations, policies or restrictions, or change in interpretation or enforcement, PURCHASER decides that it will be impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units coal which would be delivered hereunder, PURCHASER shall so notify SELLER and thereupon PURCHASER and SELLER shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in PURCHASER's reasonable judgment, such actions will, without unreasonable expense to PURCHASER, make it impossible and economically impractical for PURCHASER to so utilize coal which thereafter would be delivered hereunder without violating any applicable law,

regulation, policy or restriction, PURCHASER shall have the right, upon thirty (30) days prior notice to SELLER, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that, if the impracticality of PURCHASER's utilizing the coal is only on economical grounds, SELLER may, at its option, prevent such termination by agreeing to reimburse PURCHASER for such expense.

The parties recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, policies and/or restrictions or change in interpretation or enforcement which impact SELLER's mining cost ("Governmental Impositions"). Adjustment to the Base Price may be made for changes in SELLER's costs occasioned by increased Governmental Imposition arising on or after the date first above written. SELLER shall give prompt notice to PURCHASER or any such costs increased by reason of a change of Governmental Imposition. PURCHASER shall accept such increase to the Base Price in effect for aggregate increases, for the term of the Agreement or any extensions thereof, not greater than [redacted] per ton. If the aggregate of all Governmental Impositions increases the Base Price then in effect by more than [redacted] per ton, PURCHASER shall have the option (to be exercised within thirty (30) days of notice of the increased Governmental Obligation) of accepting or refusing such increased Governmental Obligation to the extent in the aggregate such is greater than [redacted] per ton. If PURCHASER refuses such Governmental Imposition increase, SELLER shall have the option (to be exercised within thirty (30) days of PURCHASER's election to refuse such increase), to absorb the portion of the aggregate Governmental Imposition exceeding [redacted] per ton or terminate this Agreement with respect to coal not yet delivered and SELLER shall have no further obligation to PURCHASER hereunder except for those arising from shipments prior to the date of termination of this Agreement.

6.01 Billing and Payment. SELLER shall invoice PURCHASER in writing which may be sent by fax to PURCHASER for the coal delivered to PURCHASER on a train by train basis at the

base price as presented in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within ten (10) days from receipt of the invoice, by electronic wire transfer. Adjustments under Appendix A shall be separately stated and invoiced monthly. A statement showing the basis for the adjustment shall accompany said invoice.

7.01 Delivery and Title. Delivery shall commence during January, 2005. Delivery will be at PURCHASER'S option as provided in Section 7.02, in railroad cars f.o.b. SELLER'S mine loading site, or river barges f.o.b. Kanawha River Terminals Ceredo Dock and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff. PURCHASER represents that it will supply transportation equipment as required for direct delivery to PEF and that transportation of coal after delivery is the responsibility of PURCHASER. Delivery shall be in approximately equal monthly quantities wherever possible. However, PURCHASER and SELLER each shall have the right to alter monthly shipping schedules on a reasonable basis if agreed to by the other. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time the coal enters the shipping conveyance.

7.02 Shipment; Applicable Contract or Tariff. It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at Sylvester or Hutchinson, WV or at other approved locations set forth in Exhibit A attached hereto and made a part hereof to destinations specified by PURCHASER. Notwithstanding the foregoing, PURCHASER shall have the option to ship the coal to Kanawha River Terminals Ceredo Dock for movement on the American inland waterway system. PURCHASER shall notify SELLER by the 15th of the month the loading schedule for the following month. Seller shall notify PURCHASER of the loading facilities by the 25th of the month prior to the month of shipments. Once an individual train or barge loading is scheduled, the schedule may be revised only through the mutual agreement of PURCHASER and SELLER.

SELLER shall operate its approved rail loading facilities twenty-four (24) hours per day, seven (7) days per week and shall load unit trains comprised of approximately ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 98 percent of marked car capacity). "Arrival" shall be deemed to have occurred when the railcars are placed at SELLER'S loadout.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Section 3, Item 3000, Tariff ICC CSXT-8200-Series, as it exists on the effective date of this Agreement; SELLER shall be responsible for such charges based on SELLER'S batch weight scale weight.

Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges. Payments shall begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs. If PURCHASER elects not to pay SELLER such additional costs, SELLER shall have the right either to absorb such increased costs or terminate this Agreement and Seller shall have no further obligation to Purchaser hereunder except for those arising from shipments prior to the date of termination of this Agreement.

SELLER shall be responsible for all loss of, or damage to, any barge provided hereunder and for the loss of any coal in said barge (other than damage or loss due to normal wear and tear, latent or patent defects in the barge existing at the time of delivery) occurring after such barge has been delivered to Seller's Terminal and while in the custody, control and possession of Terminal, if such loss or damage was caused by Terminal's negligence. SELLER shall require Terminal at its

own expense, to carry and maintain wharfingers liability insurance or equivalent coverage naming PURCHASER as an additional insured under the policy, agreeing to pay on behalf of PURCHASER any damages arising under liability to barges in the care, custody and control of Terminal. SELLER agrees to provide to PURCHASER a copy of this insurance within ten (10) working days from the signing of this contract. SELLER shall have the right, but not the duty, to refuse to load any barges which SELLER considers unseaworthy or contaminated. In such event, SELLER shall promptly notify PURCHASER. The loading and switching of barges between the time PURCHASER delivers the barges and the time PURCHASER picks up the barges shall be SELLER'S risk and expense.

PURCHASER shall be solely responsible for making and providing all necessary arrangements with barge carriers to provide SELLER a seven (7) and three (3) day advance notice of the estimated time of arrival of barges at the loading origin.

A barge shall be deemed to have been delivered to SELLER and be in SELLER'S custody, control and possession when it has been secured by and on behalf of PURCHASER at SELLER'S terminal to await loading and shall be deemed to be picked up when untied for pick up by or on behalf of PURCHASER from SELLER'S terminal.

SELLER agrees to load PURCHASER'S barges in a good and workmanlike manner according to drafts or other instructions as issued by PURCHASER or its agent. Minimum tonnage to load in each end piece barge is 1,400 net tons and in each box barge 1,600 net tons unless otherwise instructed by PURCHASER or its agent.

7.03 Freight Charges. For f.o.b. mine shipments, subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff. For Kanawha River Terminals Ceredo shipments, SELLER shall pay all freight and other charges imposed by the applicable tariff.

7.04 Excess Loading Costs Chargeable to SELLER. For f.o.b. mine shipments, 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 10.01 hereof or the applicable tariff, SELLER shall pay railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to 98 percent of marked capacity which PURCHASER is required to pay under the applicable tariff as it exists on the effective date of this Agreement.

7.05 Freeze Proofing. When required, a PURCHASER approved freeze proofing material will be applied by SELLER. For such freeze proofing application, PURCHASER shall pay SELLER'S actual cost for the freeze proofing material applied plus [redacted]) per ton of coal to which the material is applied. Freeze proofing will not typically be required on direct rail shipments. PURCHASER shall advise SELLER on an "as needed" basis of the amount and frequency needed.

7.06 Delivery Short Falls. In the event Seller shall fail to deliver, or Buyer shall fail to accept delivery of, any shipment(s), the missed shipment(s) shall be re-scheduled on a ratable basis over the remainder of the calendar year during which the shipment(s) was missed. If at the end of the term of this Agreement, not all missed shipment(s) have been rescheduled, and delivered, such remaining missed shipment(s) shall be rescheduled and delivered during the twelve (12) months following the end of the term of this Agreement.

8.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, by the certified scales at PURCHASER's Crystal River facility (if available), or if the Crystal River scales are not available then by the carrying railroad over certified railroad scales, the cost of which shall be borne by PURCHASER. If SELLER's scales and the Crystal River scales are unavailable and if the railroad is unable to weigh the shipped coal, the

average weight of the five (5) trains most recently shipped by SELLER to PURCHASER shall be used for billing purposes. The net weight for coal sold f.o.b. barge shall be determined by railroad certified unit train weights, the cost of which shall be borne by the PURCHASER or by barge draft at PURCHASER option and expense.

8.02 Sampling and Analysis.

A. Sampling. Analysis of the samples of coal subject to this Agreement shall be performed on each shipment based on samples taken by SELLER'S automatic sampling system at the mine by a third party employed by PURCHASER and approved by SELLER at the mine or, transloading facility in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER. In case of any failure of the automatic sampler, at the mine, the coal shall be sampled using the automatic sampling system at PURCHASER's Crystal River facility, and if the Crystal River sampling system is inoperable, trainloads or barges may be hand-sampled at the load out in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to PURCHASER. The third sub-sample shall be placed in a suitable container and saved for SELLER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called

the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. Analyses to be Made. The analyses to be made according to methods described in the applicable standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. Acceptance of Results. The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads or barges delivered during such month; provided, however, that if either party, within thirty (30) days, questions the correctness of the original analysis made on the laboratory sample, it shall have the right to have the check sample analyzed by a commercial testing laboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 **Quality Reports.** Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at origin.

9.01 **Coal Specifications.** Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0"). The coal shall be prepared so as to be substantially free from quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine impurities as determined by PURCHASER, and shall have the following specifications per shipment on an "as-received" basis:

SPECIFICATION	GUARANTEED	REJECT
Moisture	8.0%	>8.5%
Ash	12.0%	>12.5%
Sulfur	1.20 LB/SO_2 per Million Btu	**>1.20LB/SO_2 per** Million Btu
Pyritic Sulfur*	<0.2%	>0.2%
Volatile	31.0 %	<30.0%
Ash Fusion - Softening (H=W), Reducing	2500°F	<2500°F
Grindability	42 HGI	<40 HGI
Calorific Value	12,100 Btu/LB	<11,800 Btu/LB
Fines (-1/4")	48%	>55%

parameter for pyritic sulfurs, SELLER and PURCHASER will meet to determine what actions are necessary to resolve the issue.

SELLER will provide, as necessary magnets and metal detectors or other suitable equipment at the loading facilities.

9.02 **Coal Specifications Deficiencies.** For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in 9.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S reasonable satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement.

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit").

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Penalty

Sulfur Adjustment = [redacted] percent of the F.O.B. Mine Price

Premium

SO_2 Adjustment = [redacted] per each 0.1 pound of SO_2 / million Btu <1.19 pound of SO_2 / million Btu.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A.

(2) If PURCHASER rejects any shipment under 9.02 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit, the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred, including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER.

10.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage,

fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), faults in coal seams, other geological anomalies beyond what is normally encountered within a respective coal seam, interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its all reasonable efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the mutual agreement of PURCHASER and SELLER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production of the coal property or properties which provided coal sold under this Agreement in the three (3) month period ending just prior to the force majeure, or shorter period if the force majeure occurs within the initial three (3) months of the term of this Agreement immediately prior to

such force majeure and the numerator of which is the production of such coal property or properties during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless PURCHASER and SELLER mutually agree that its effect can be avoided in a lawful and reasonable manner, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

11.01 Audit. SELLER agrees to maintain books, records, documents and other evidences pertaining to the amounts invoiced by SELLER under this Agreement (herein collectively called the "records") to the extent and in such detail as will properly reflect all items of whatever nature for which payment, reimbursement or adjustment in Base Price of coal is claimed under the provisions of this Agreement. Upon the request of PURCHASER, SELLER shall make available at SELLER'S office said records along with related correspondence, receipts, vouchers and memoranda pertaining to amounts invoiced under this Agreement for inspection, audit or reproduction by any authorized representative of PURCHASER. SELLER shall preserve all such records with respect to each shipment of coal for a period of twelve (12) months after final payment for such shipment, during which time PURCHASER shall complete any audit it may desire. The applicable records shall be preserved until audit is completed or, should there otherwise be questions raised regarding such recording, until agreement with regard to same is reached.

11.02 Mine Access Rights. SELLER shall at all times carry out its mining operations consistent with obligations to meet the production and delivery schedule as provided herein. Upon prior notification to SELLER, PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so

long as it does not unreasonably interfere with SELLER'S operations. PURCHASER and its agents shall have access to the mine and to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

13.01 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

14.01 Attorney's Fees. In the event either party should fail to pay to the other any amount due and payable under this Agreement and a party employs an attorney to collect and recover such amounts and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

15.01 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or

resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

15.02 Default, Remedies and Damages.

A. Default. An event of default ("Event of Default") with respect to a party (the "Defaulting Party") shall mean any of the following: (i) the failure of Defaulting Party to pay when due any required payment and such failure is not remedied within three (3) business days after written notice thereof (provided the payment is not subject to a good faith dispute, in which event such good faith dispute shall not relieve a party's obligation to timely pay such portion of a payment that is not in dispute); (ii) the failure of the Defaulting Party to comply with its other material obligations under this Agreement, and (b) events that are otherwise specifically covered in this Section 15.02 as a separate Event of Default) and such failure continues uncured for ten (10) business days after written notice thereof, provided that if it shall be impracticable or impossible to remedy such failure within such ten (10) business day period, the cure period shall be extended for an additional period reasonably necessary to remedy such failure subject to the condition that during the additional period, the Defaulting Party shall be diligently pursuing a remedy for the failure; (iii) the Defaulting Party shall be subject to a bankruptcy proceeding under the United States Bankruptcy Code; (iv) any representation or warranty made by a party herein shall prove to be untrue in any material respect when made.

B. Remedies. If an Event of Default occurs with respect to a Defaulting Party at any time during the Term of this Agreement, the other party ("Non-Defaulting Party") may, in its sole discretion, do any or all of the following: (i) by not more than twenty (20) days written notice to the Defaulting Party specifying the relevant Event of Default, establish a date (which date shall not be earlier than the date that such notice is effective) as an early termination date ("Early Termination Date") on which this Agreement will terminate, (ii) withhold any payments due in respect of this terminated Agreement (hereinafter referred to as "Terminated Agreement");

however, the payment arising prior to the event of default shall be completed if the Defaulting Party has already performed under the Agreement (iii) suspend performance under this Agreement, and/or (iv) exercise such other remedies as may be provided in this Agreement.

If an Early Termination Date is established, the Non-Defaulting Party shall in good faith calculate its damages in accordance with the terms of Section 15.02D of this Agreement. Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party may withhold any payment otherwise owed to the Defaulting Party hereunder, until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion that (i) all amounts due and payable as of the Early Termination Date by the Defaulting Party under this Agreement or otherwise with the Non-Defaulting Party have been fully and finally paid, and (ii) all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Agreement or otherwise which are due and payable as of the Early Termination Date have been fully and finally performed.

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, WHETHER BASED ON BREACH OF CONTRACT, NEGLIGENCE OR OTHER LEGAL THEORY. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURE OF DAMAGES PROVIDED IN THIS SECTION 15.02 SATISFY THE ESSENTIAL PURPOSES HEREOF AND ARE THE EXCLUSIVE REMEDY FOR DEFAULT BY A PARTY. ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

C. Damages. Unless excused by Force Majeure or the PURCHASER'S failure to perform, if the SELLER fails to deliver all or part of the quantity of coal to be delivered hereunder, the SELLER shall pay the PURCHASER for each ton of such deficiency (the "Deficiency") an amount equal to the positive difference, if any, obtained by subtracting the Base Price for the Deficiency from the Replacement Price. "Replacement Price" means the price at which the PURCHASER, acting in a commercially reasonable manner, purchases substitute

coal for the Deficiency or, absent such a purchase, the market price for such quantity of coal f.o.b. the Delivery Point or Alternate Delivery Point as the case may be, as determined by the PURCHASER in a commercially reasonable manner. It is expressly agreed that the PURCHASER shall not be required to enter into a replacement purchase and sale of coal in order to determine Replacement Price.

Unless excused by Force Majeure or the SELLER'S failure to perform, if the PURCHASER fails to accept all or any part of the quantity of coal to be delivered hereunder, the PURCHASER shall pay the SELLER for each ton of the Deficiency an amount equal to the positive difference, if any, obtained by subtracting the Sales Price from the Base Price. "Sales Price" means the price at which the SELLER, acting in a commercially reasonable manner, resells (if at all) the Deficiency or, absent such a sale, the market price for such quantity of coal f.o.b. the Delivery Point or Alternate Delivery Point as the case may be, as determined by the SELLER in a commercially reasonable manner. It is expressly agreed that the SELLER shall not be required to enter into a replacement purchase and sale of coal in order to determine the Sales Price. Each party hereby stipulates that the payment obligations set forth in this Section 15.02 are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each party hereby waives the right to contest such payments as an unreasonable penalty or otherwise. The remedy set forth in this Section 15.02 shall be the sole and exclusive remedy of the aggrieved party for the failure of the other to deliver or accept, as the case may be, the quantity of coal specified herein, and all other damages and remedies are hereby waived as to such failure(s).

16.01 **NO WARRANTIES**. SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE SUITABILITY OF COAL DELIVERED HEREUNDER FOR USE IN PURCHASER'S FACILITIES INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

17.01 **Independent Contractor.** 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.

18.01 **Binding Effect.** This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 **Assignments.** Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld; provided, however, SELLER or PURCHASER may assign this Agreement to any parent, subsidiary or affiliate or assign this Agreement for financing purposes without consent of the other party providing satisfactory guarantees are provided.

20.01 **Partial Dispute.** Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. Should it later be determined that additional payments are due from PURCHASER to SELLER, such amount shall be paid together with interest from the date payment was due as provided herein at the prime rate for preferred customers on loans not to exceed thirty (30) days as from time to time quoted by the Morgan Guaranty Trust Company of New York, New York, during pendency of the dispute.

21.01 **Captions.** The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

22.01 Applicable Law and Venue. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Delaware without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in New York City, New York, and/or the federal court district encompassing said city.

23.01 Conflict of Interest Policy. PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees, and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER and PURCHASER agree to conduct their activities in support of said conflict of interest policy, specifically as follows:

(a) Either shall promptly disclose to the other the existence of any material financial interest held in the other, at any time during the term of this Agreement, by any employee or member of an Employee's immediate family. The holding of publicly traded securities in the other need not be disclosed unless the employee is directly or indirectly involved in dealing with the other.

(b) Either shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any of the other's employee, unless such service or employment is specifically authorized by the President or Board of Directors of the other.

(c) Either shall not offer to any of the other's employee or member of an employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

24.01 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

25.01 **Confidentiality.** Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated entities of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

26.01 **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.

WITNESS:

PROGRESS FUELS CORPORATION

BY: _____
Vice President—Coal Procurement

Date Executed: 8/9/04

WITNESS:

MASSEY UTILITY SALES COMPANY

BY: _____
Senior Vice President

Date Executed: 8/10/04

EXHIBIT A
Approved Locations

Approved Sources – CSX Rail Direct or F.O.B. Barge

RR	Resource Group	Railroad Mine Name	Railroad Mine Number	Railroad Shipping Point					
CSXT	Bandmill Coal Corp.	MacBeth	82733	Hutchinson, W.V					
CSXT	Elk Run Coal Co.	Crystal River	82231	Sylvester, W.V.	Y	4	CSXT-64837	Kanawha	Boone
CSXT	Endurance	Ashley Kay	81993	Ashley Kay, W.V	N	4	CSXT-65115	Kanawha	Logan
CSXT	Feats	Feats	81016	Feats, W.V.	N	4	CSXT-65615	Kanawha	Logan
CSXT	Omar Mining Co.	Chesterfield	82034	Holbrook, W.V.	N	4	CSXT-65220	Kanawha	Boone
CSXT	Stirrat Coal Co.	Stirrat	82693	Stirrat, W.V.	N	4	CSXT-65610	Logan	Logan

Approved Sources –F.O.B. Barge Only

NS	Long Fork Coal Co.	Long Fork	0596	Gund, KY	Y				
NS	Sidney Coal Co.	Sidney	0816	Sidney, KY	N	4	NS-6253	Kenova	Pike
NS	Delbarton Mining Co.	Polly Siding	0686	Delbarton, WV	Y	4	NS-6310	Kenova	Mingo

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12,100 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Delivered Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12,100 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12,100 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Delivered Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.)

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of twelve percent (12%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	PENALTY
>13%	[redacted] of the Base Price per 1% ash to the nearest 0.1%

ASH CONTENT	PREMIUM
<11.0%	[redacted] per 1.0% to then nearest 0.1%

APPENDIX B

Railroad, Railcar and River Barge Demurrage/Detention Costs

A. RAILROAD CHARGES:

1. Detention: As published in Tariff ICC CSXT-8200-Series as in existence on the effective date of this Agreement.

2. Dead Freight: Actual railroad charges unless railcars loaded to 95 percent capacity (non-batch weigh) or 98 percent from batch weigh.

3. Crew Change: [redacted] per change, as in existence on the effective date of the Agreement.

B. RIVER BARGE DEMURRAGE CHARGES:

Seller will not be responsible for any river barge demurrage.

Progress Energy

XC: AWP
RFP
FHL
MJK
CAL
THM
VHM
DHD
ABF

THIS TO CF

November 17, 2004

Sent Via UPS Next Day Air

Mr. Joseph B. Jefferson
Progress Fuels Corporation
100 Main Street & River Front
Ceredo, West Virginia 25507

Dear Mr. Jefferson:

Enclosed are two originals of the *Agreement for the Sale and Purchase of Coal between Progress Fuels Corporation and Progress Fuels Corporation, on its own behalf and as agent for Diamond May Coal Company; Kanawha River Terminals, Inc.; Kentucky May Coal Company, Inc.; and Powell Mountain Coal Company, Inc.,* which I have executed on behalf of Progress Fuels Corporation. Please have the appropriate individual sign both originals on behalf of Progress Fuels Corporation, on its own behalf and as agent for Diamond May Coal Company; Kanawha River Terminals, Inc.; Kentucky May Coal Company, Inc.; and Powell Mountain Coal Company, Inc., and return one original to me for our files.

We thank you for your cooperation in finalizing this agreement and look forward to working with you under this contract.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Enclosures

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

PROGRESS FUELS CORPORATION,
on its own behalf and as agent for
Diamond May Coal Company;
Kanawha River Terminals, Inc.;
Kentucky May Coal Company, Inc.; and
Powell Mountain Coal Company, Inc.

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 17th day of November 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and PROGRESS FUELS CORPORATION on its own behalf and as agent for DIAMOND MAY COAL COMPANY; KANWAHA RIVER TERMINALS, INC.; KENTUCKY MAY COAL COMPANY, INC; and POWELL MOUNTAIN COAL COMPANY, INC. (hereinafter collectively "SELLER") located at 410 S. Wilmington Street, Raleigh, NC 27601,

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No.5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and receive and SELLER desires to sell and deliver coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound hereby, PURCHASER and SELLER agree as follows:

1.01 **Mutual Obligations.** SELLER agrees to sell and deliver to PURCHASER, and PURCHASER agrees to buy and receive from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 **SELLER'S Reserves and Preparations for Selling Coal.** SELLER represents and warrants that DIAMOND MAY COAL COMPANY ("Diamond May") owns or leases the mine or mines that is the source of the coal that is to be purchased and sold hereunder (hereinafter the "Coal Property") unless an alternate source is approved as contemplated in the last sentence of this paragraph. SELLER further represents and warrants that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations in effect as of the effective date of this Agreement will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it wi[redacted] provide loading facilities capable of loading at the rate required to meet Seller's delivery requirements pursuant to this Agreement. SELLER hereby expressly dedicates to PURCHASER sufficient reserves of coal lying on or in the Coal Property that meets the quality specifications hereof in an amount sufficient to meet Seller's contractual obligations pursuant to this Agreement. SELLER shall not ship any coal hereunder mined from any source other than the Coal Property without the prior written approval of PURCHASER.

3.01 **Quantity and Source.** During each calendar year during the term hereof, the quantity of coal to be delivered hereunder shall be 360,000 tons, prorated for any partial calendar year.

4.01 Term. The term of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twenty-four (24) months, ending on December 31, 2006, inclusive.

5.01 Base Price. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be fixed at [redacted] for the calendar years 2005 and 2006, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the term of this Agreement.

6.01 Billing and Payment. SELLER shall invoice PURCHASER monthly for the coal delivered to PURCHASER during the preceding month at the base price as shown in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

7.01 Delivery and Title. Delivery shall commence during January 2005. Time is of the essence. Delivery will be at PURCHASER'S option as provided in Section 7.02, in railroad cars or trucks f.o.b. the Coal Property and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff (as defined hereinafter). PURCHASER represents that it will supply transportation equipment as required for delivery. Delivery shall be in approximately equal monthly installments wherever possible; however, PURCHASER retains the right to, with reasonable notification to SELLER, alter monthly shipping schedules on a reasonable basis to meet monthly burn requirements at PEF's Generating Units and to conform to PURCHASER'S unit train and river barge tonnage requirements. Title to the

coal and risk of loss thereof shall transfer to PURCHASER at the time the trains or trucks are completely loaded and have been released by SELLER.

7.02 **Shipment; Applicable Contract or Tariff.** It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at Yellow Creek Tipple to destinations specified by PURCHASER. Notwithstanding the foregoing, PURCHASER shall have the option to ship the coal by truck or rail to river docks for movement on the American inland waterway system. Coal for shipment by river from a single origin shall be scheduled in shipments to meet PURCHASER'S river barge requirements, not to exceed 22,500 tons for loading into fifteen (15) barge unit tows.

Unless waived in writing by PURCHASER (as may be done in the case of river shipments), SELLER will provide, at its own expense, off-mainline rail trackage sufficient for efficient and dependable loading of unit trains at or near the mine loading site or at another mutually acceptable location in accordance with schedules mutually agreed upon by PURCHASER AND SELLER. SELLER shall operate such loading facilities twenty-four (24) hours per day, seven (7) days per week, if and as needed, regardless of mine holidays or vacation periods, and shall fully load unit trains comprised of approximately ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 9,600 tons per 90-car unit train or 107.0 minimum tons per car) at such loading facilities or in accordance with the applicable contract or tariff for shipments hereunder. SELLER shall load each car at least to the minimum tonnage requirements of the railroad as defined in the CSXT-8200 Series Tariff in effect at the time shipments are made. "Arrival" shall be deemed to have occurred when the SELLER is notified by the CSX trainmaster that a train is **available** for loading and, actually placed at the Yellow Creek Loadout, with a sufficient power supply and a crew to assist in the standard loading operations. Requests by the SELLER to the CSX to "hold" trains will not allow SELLER to avoid charges referenced in Appendix B.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Section 3, Item 3000, Tariff ICC CSXT-8200-Series, including supplements thereto or reissues thereof, will apply; and SELLER shall be responsible for such charges.

Shipment of coal under this Agreement (other than by truck) shall be made in accordance with the contract which PURCHASER has negotiated with the railroad or in the absence thereof the applicable tariff (herein called the "applicable contract or tariff"); provided that such terms and conditions are made known to SELLER. SELLER agrees to load unit trains in a manner and at an effective rate sufficient to load the quantities of coal scheduled for delivery under this Agreement and sufficient to qualify PURCHASER for the applicable contract or tariff without demurrage, car detention, dead freight or other penalties or charges; provided, however, that PURCHASER provides transportation equipment on a regularly scheduled basis sufficient to enable SELLER to fulfill the terms of this Agreement. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities will interfere with or impair SELLER'S obligations as set forth in this Agreement. The provisions of Sections 7.04 and 7.05 of this Agreement shall not be deemed to limit or modify any of SELLER'S obligations or PURCHASER'S rights hereunder.

If the applicable contract or tariff is amended, supplemented or replaced, subsequent shipments of coal shall be made by SELLER in accordance with the terms of the applicable contract or tariff as amended, supplemented or replaced; provided that such terms are made known to SELLER. Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER either shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges or, at PURCHASER'S sole discretion, may terminate the Agreement. Payments shall

begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

7.03 Freight Charges. Subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff.

7.04 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 10.01 hereof, by PURCHASER's failure to perform or the applicable tariff, SELLER shall pay PURCHASER or railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to marked capacity which PURCHASER is required to pay under the applicable tariff. In addition, SELLER shall pay PURCHASER reasonable lost railcar utilization charges for failure to timely and fully load and/or time lost to unload overloaded railcars of PURCHASER; provided that such failure is not due to force majeure or by PURCHASER'S failure to perform. Examples of these charges are listed in Appendix B.

7.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to have available sufficient coal to satisfy the quantity requirements of Section 3.01 on the regularly scheduled basis referred to in Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable contract or tariff (dead freight, volume incentive threshold, annual volume guarantee) and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such contract or tariff to pay in excess of the amount of such charges that would have been payable with respect to the coal actually shipped had tonnage requirements been met. In the event locomotives and

train crew are released without a unit train of loaded cars being released to the railroad, and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, detention charges, which include charges for locomotives, if any, will cease at the time of notification of such release. When a train crew and locomotives are again required by SELLER for service, and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, a charge of [redacted] as adjusted by the railroad, will be assessed by the railroad and paid by SELLER and the detention and free time provisions will again be applicable upon the arrival of locomotives and crew at the mine loading site.

7.06 **Payment of Excess Costs to PURCHASER.** Any payments required by Sections 7.04 and 7.05 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 then owed by PURCHASER to SELLER hereunder.

7.07 **Freeze Proofing.** When required by the river transfer terminal, a PURCHASER approved freeze proofing material will be applied by SELLER at the rate of two (2) pints per ton at a cost of [redacted]) per ton to PURCHASER. Freeze proofing will not be required on direct rail shipments.

8.01 **Weighing.** The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, PURCHASER may, at its sole discretion, order weighing by the carrying railroad over certified scales or may use the average of the net weights of the five (5) prior unit trains. Notwithstanding the above, at PURCHASER'S option, weight may be determined by certified scale at discharge point.

8.02 **Sampling and Analysis**.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A. Sampling. Sampling of coal subject to this Agreement shall be performed on each shipment with a mechanical sampling system by a third party employed by PURCHASER at the mine or at PEF's Crystal River power plant in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER. In case of any failure of the mechanical sampler, trainloads may be hand-sampled in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to SELLER. The third sub-sample shall be placed in a suitable container and saved for PURCHASER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. Analyses to be Made. The analyses to be made according to methods described in the current applicable ASTM standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. **Acceptance of Results.** The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads delivered during such month; provided, however, that if either party, within thirty (30) days, questions the correctness of the original analysis made on the laboratory sample, it shall have the right to have the check sample analyzed by a commercial testing laboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6.01 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at origin.

9.01 Coal Specifications. Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0") in size. The coal shall be prepared so as to be free from

excess quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine impurities as determined by PURCHASER and shall have a temperature below 131° Fahrenheit, and shall have the following specifications per shipment on an "as-received" basis:

SPECIFICATION	TYPICAL	REJECT
Moisture (Total)	6.5%	>8.0%
Ash	12.0%	>12.0%
Sulfur Dioxide	<1.2 LB/SO_2 per Million Btu	**>1.2LB/SO_2 per** Million Btu
Pyritic Sulfur	.10%	>.2%
Volatile	35.0%	<32.0%
Ash Fusion - Softening (H=W), Reducing	2700°F	<2700°F
Grindability	43 HGI	<43 HGI
Calorific Value	12,500 Btu/LB	<12,500 Btu/LB
Fines (-1/4")	40%	>40%

All shipments shall be free of metal. SELLER shall provide magnets and metal detectors or other suitable equipment as required to satisfy this requirement. Inclusion of metal in coal shipments shall be grounds for rejection of such shipment. Inclusion of metal in any two (2) out of four (4) consecutive shipments or any three (3) shipments in a six (6) month period shall constitute an Event of Default hereunder.

9.02 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver

of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which is above or below, as applicable, any of the minimum/maximum "reject" specifications listed in Section 9.01. If any two (2) out of four (4) consecutive shipments or any three (3) shipments in a six (6) month period are above or below, as applicable the minimum/maximum specifications listed in Section 9.01, PURCHASER may notify SELLER in writing to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER it shall constitute an Event of Default hereunder and

(3) No premiums shall be paid on coals that fail to meet any of Section 9.01 reject specifications if the coal is rejected by Buyer, premiums will, however, be included as part of the monthly average computation and will be paid on all coal accepted by Buyer, excluding the cost of any agreed or contractually assessed penalty that may apply.

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit") and not more than .2 percent pyritic sulfur.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's or .2 percent pyritic sulfur, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A. No premiums shall be paid for shipments that fail to meet Section 9.01 sulfur specifications.

(2) If PURCHASER rejects any shipment under Sections 9.01 or 9.02 hereof or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit. Title to and risk of loss to the coal shall immediately revert back to SELLER and PURCHASER shall redirect the shipment to an alternate destination as instructed by SELLER. SELLER shall reimburse PURCHASER for any costs incurred by PURCHASER in redirecting such shipment including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of either or both parties to prevent further rejected shipments. If

PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving written notice of termination to SELLER . Upon such termination PURCHASER shall be entitled to the remedies set forth in Section 14.01 hereof.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

10.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, acts of terrorists, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto of the details thereof, which notice may initially be given orally but shall be followed up in writing as soon as reasonably practicable thereafter, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the PURCHASER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, SELLER shall prorate its sales obligations between this Agreement and any other agreements in effect as of the date of the occurrence of such force majeure regarding coal from the Coal Property that requires substantially similar quality specifications as the coal hereunder so that PURCHASER receives its pro-rata share of the coal that is available from the Coal Property that meets the quality specifications hereunder during the continuance of such force majeure. In the event force majeure results in a partial reduction in the total quantity of coal PURCHASER is obligated to receive hereunder, PURCHASER shall prorate its purchase obligations between this Agreement and any other agreements in effect as of the date of the occurrence of such force majeure involving coal of substantially similar quality specifications as the coal hereunder such that PURCHASER is purchasing a pro rata share of coal from SELLER during the continuation of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will

not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

11.01 Audit. For a period of two (2) years following receipt by any party of any invoice, statement or calculation hereunder, such party and its representatives shall have the right at its sole expense and upon reasonable advance notice to the other party and during such other party's normal working hours, to examine the records of the other party, but only to the extent reasonably necessary to verify the accuracy of any invoice, statement, or calculation made pursuant to this Agreement. If requested, a party shall provide to the requesting party statements evidencing the quantities of coal delivered or received at the delivery point. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statements and the payments thereof will be promptly made and shall bear interest calculated at the prime rate of interest (set forth in the Wall Street Journal under the heading "Money Rates") plus 2 % from and including the date the overpayment or underpayment was made until but excluding the date the underpayment or overpayment is remedied; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made in writing prior to the lapse of such two (2) year period.

11.02 Mine Access Rights. SELLER shall at all times carry out its operations consistent with obligations to meet the production and delivery schedule as provided herein. PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so long as it does not interfere with SELLER'S operations. PURCHASER and its agents shall have reasonable access to the mine and to reasonable data related to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 **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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

12.02 **DISCLAIMER OF WARRANTY; LIMITATION OF LIABILITY.** OTHER THAN THOSE EXPRESSLY PROVIDED HEREIN, SELLER MAKES NO OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SALE AND PURCHASE OF COAL HEREUNDER. ALL WARRANTIES OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE ARE SPECIFICALLY DISCLAIMED.

THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE HEREBY WAIVED UNLESS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE LIABLE PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY

STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

THIS SECTION 12.02 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

13.01 Failure to Deliver or Receive.

Seller Failure. If Seller fails to schedule and/or deliver coal pursuant hereto and such failure is not excused by force majeure or by Purchaser's failure to perform, Seller shall pay Purchaser an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the contract price Purchaser would otherwise have paid for such tonnage from the Replacement Price. "Replacement Price" means the price at which Purchaser, acting in a commercially reasonable manner, purchases replacement for the coal not delivered by Seller hereunder plus any costs reasonably incurred by Purchaser in purchasing such substitute coal including, without limitation, any additional transportation and/or storage charges, if any. Absent such a purchase of substitute coal, the Replacement Price shall be the market price for coal as determined by Purchaser in a commercially reasonable manner.

Purchaser Failure. If Purchaser fails to schedule and/or receive coal pursuant hereto and such failure is not excused by force majeure or by Seller's failure to perform, Purchaser shall pay Seller an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the contract price Seller would otherwise have received for such tonnage. "Sales Price" means the price at which Seller, acting in a commercially reasonable manner, resells all or any portion of the coal not received by Purchaser, deducting from such proceeds any costs reasonably incurred by Seller in reselling such coal including, without limitation, any additional transportation and/or storage charges, if any, reasonably incurred by Seller in delivering such coal to any third party purchasers. Absent such a re-sale the Sales Price shall be the market price for such coal as determined by Seller in a commercially reasonable manner.

Due Date. The party to whom such amount is owed shall invoice the other party for such amounts and any payments hereunder shall otherwise be paid in accordance with the provisions of this Agreement.

Duty to Mitigate. Each Party covenants and agrees that it has a duty to mitigate any damages hereunder. Notwithstanding the foregoing, neither Purchaser nor Seller shall be required to enter into any actual replacement transaction(s) in order to determine the Replacement Price or the Sales Price, as applicable.

14.01 Events of Default; Remedies. An "Event of Default" shall mean, with respect to a party (the "Defaulting Party"), the occurrence of any of the following:

(a) after the effective date of this Agreement such Party, becomes insolvent (however evidenced), or a voluntary or involuntary petition for bankruptcy, receivership or any similar proceeding is filed with respect to such party;

(b) such party fails to make, when due, any payment pursuant to this Agreement and such failure is not remedied within three (3) business days after written notice of such failure; provided that such amount is not the subject of a good faith dispute;

(c) with respect to SELLER, an event as described in the last sentence of Section 9.01 of this Agreement has occurred;

(d) with respect to SELLER, an event as described in Section 9.02 of this Agreement has occurred;

(e) with respect to SELLER, an event as described in Section 9.03 of this Agreement which gives rise to PURCHASER'S right to terminate this Agreement;

(f) such Party consolidates, or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all of

the obligations of such party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party;

(g) such party fails to perform any other material covenant or obligation set forth in this Agreement (except for the obligation to deliver or receive coal, the exclusive remedy for which is set forth in Section 13.01 above) and such failure is not remedied within three (3) business days after it receives written notice of such failure; or

(h) any representation or warranty made by such party herein is false or misleading in any material respect when made or when deemed made or repeated;

(i) an event as describe in Section 24.02(c) hereof has occurred.

For so long as an Event of Default has occurred and is continuing with respect to a party, the other party (the "Non-Defaulting Party") shall have the right to (i) designate a day (by providing the Defaulting Party written notice thereof), which such day shall be within 20 days after the occurrence of the Event of Default, upon which the Non-Defaulting Party will accelerate all amounts owing between the Parties and liquidate and terminate this Agreement; (ii) withhold any payments due to the Defaulting Party under this Agreement; and/or (iii) suspend performance. If the Non-Defaulting Party chooses to liquidate and terminate this Agreement, the Non-Defaulting Party shall calculate any gains or losses to it resulting from the termination of this Agreement, taking into account any costs reasonably incurred (the "Termination Payment"). The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate and shall be paid within two (2) Business Days after it is communicated in writing to the Defaulting Party by the Non-Defaulting Party. Upon such termination, the Non-Defaulting Party shall have the right to offset any amounts it owes to the Defaulting Party whether under this Agreement or otherwise, against any amounts owed to the Non-Defaulting Party by the Defaulting Party, whether under this Agreement or otherwise. The remedy provided for in this Section shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

PURCHASER and SELLER agree that this Agreement constitutes a "forward contract" and that each is a "forward contract merchant" as such terms are defined in the United States Bankruptcy Code as amended.

15.01 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER.

15.02 Environment, Health, and Safety.

A. Compliance and Indemnification. SELLER and PURCHASER shall comply with all applicable EHS laws and shall indemnify the other PARTY against any EHS claims and costs arising from the indemnifying party's performance or non-performance under this Agreement.

B. Audits. Either party may audit the other party's EHS compliance at its own expense and during the normal business hours of the party being audited.

C. Definitions.

1. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

16.01 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

17.01 Independent Contractor. 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.

18.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their permitted successors and assigns. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld or delayed.

20.01 Partial Dispute. Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. Should it later be determined that additional payments are due from PURCHASER to SELLER, such amount shall be paid together with interest from and including the

date payment was due as provided herein, to but excluding the date paid at the prime lending rate set forth in the Wall Street Journal under the heading "Money Rates" plus 2%.

21.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

22.01 Applicable Law and Venue. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties submit to the nonexclusive venue in Pinellas County, Florida, and/or the federal court district encompassing said county.

23.01 Conflict of Interest Policy. PURCHASER and SELLER have each adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of such party will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER and PURCHASER each agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) Each party shall promptly disclose to the other party the existence of any material financial interest in the other party held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in the other party need not be disclosed unless the Employee is directly or indirectly involved in dealing with such party.

(b) Neither party shall accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee,

unless such service or employment is specifically authorized by the President or Board of Directors of the other party.

(c) Neither party shall offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by a party shall constitute an Event of Default hereunder.

24.01 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

25.01 Confidentiality. Neither party shall disclose the terms of this Agreement and/or any information or data related hereto, including without exclusion any information relating to site visits, to any third party (other than such party's and its affiliates' employees, officers, lenders, counsel, accountants or prospective purchasers, directly or indirectly, of a party or all or substantially all of a party's assets; provided, in each case the party to whom disclosure is made shall agree to keep this Agreement and the terms and conditions hereof and information or data related hereto confidential) except in order to comply with any applicable law, order, regulation, exchange rule or regulatory or administrative proceeding; provided, each party shall notify the other party of any proceeding of which it is aware may result in disclosure (if and to the extent such notice does not violate the order or request compelling the disclosure), and shall use reasonable efforts to prevent or limit the disclosure.

25.02 Imaged Agreement. Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration mediation or administrative proceeding, it shall be considered as admissible evidence; provided that such Imaged Agreement bears the signature of the Party against whom enforcement is sought; and further provided that there is no evidence that such Imaged Agreement has been manipulated or otherwise altered in any way. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such was not originated or maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

26.01 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.

WITNESS:

Roberta A. Ott

Mary J. Kuderick

PROGRESS FUELS CORPORATION

BY: _____

Vice President—Coal Procurement

Date Executed: 11/17/04

WITNESS:

PROGRESS FUELS CORPORATION,
on its own behalf and as agent for
DIAMOND MAY COAL COMPANY;
KANAWHA RIVER TERMINALS, INC.;
KENTUCKY MAY COAL COMPANY, INC.; and
POWELL MOUNTAIN COAL COMPANY, INC.

(

_____

BY: _____

_____

Date Executed: _____

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 12500 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 12500 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 12500 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.)

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations if the coal is rejected by Buyer. Premiums will, however, be included as part of the monthly average computation and will be paid on all coal accepted by Buyer, excluding the cost of any agreed or contractually assessed penalty that may apply

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of twelve percent (12.0%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
Greater than 12%	[redacted] of the Base Price per 1% ash to the nearest 0.1%

APPENDIX B

Railroad and Railcar Detention Costs

A. RAILROAD CHARGES:

1. Detention: As published in Tariff ICC CSXT-8200-Series, including supplements thereto and re-issues thereof.

2. Dead Freight: Actual railroad charges.

3. Crew Change: [redacted] per change, subject to periodic adjustment by the railroad.

B. PFC RAILCAR CHARGES:

1. Lost Utilization Charges: Sum of a. and b. below.

   a. Delay of Train = [redacted] per car per day of delay.

   b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x [redacted] = P$

   Where: AC = actual number railcars
   AW = actual weight of trains
   P$ = penalty in dollars

DRUMMOND/INTEROCEAN COAL SALES
"D" COLOMBIAN COAL PURCHASE–CR4&5

UNSOLICITED OFFER–03/02/04

COPIES

Progress Energy

September 17, 2004

Sent Via UPS Next Day Air

Mr. Dennis J. Steul
Director, North American Sales
Drummond Coal Sales, Inc.
1000 Urban Center Drive
Vestavia Hills, Alabama 35242

Dear Mr. Steul:

Enclosed are two originals of the *Agreement for the Sale and Purchase of Coal between Progress Fuels Corporation and Interocean Coal Sales, LDC*, which I have executed on behalf of Progress Fuels Corporation. Please have the appropriate individual sign both originals on behalf of Interocean Coal Sales, LDC, and return one original to me for our files.

We thank you for your cooperation in finalizing this agreement and look forward to working with you under this contract.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Enclosures

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

INTEROCEAN COAL SALES, LDC

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the 17th day of September, 2004, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and INTEROCEAN COAL SALES, LDC, a Cayman Island BWI corporation (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a long-term purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

1.02 Warranty of SELLER SELLER represents and warrants that SELLER or its affiliates own, lease or control mineral interests containing reserves in seams sufficient in quality and quantity to supply the coal covered by this Agreement (hereinafter the "Coal Property"). SELLER hereby represents to PURCHASER that it has access to 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.

1.03 Quantity. During the initial term hereof, the quantity of coal to be delivered hereunder shall be 800,000 tons for 2005 and 1,000,000 for 2006.

1.04 Term. The initial term of this Agreement will commence on January 1, 2005, and will continue in effect for a period of twenty-four (24) months.

1.05 Base Price. The base price per net ton of coal, DES PURCHASER'S gulf barge at McDuffie Terminal (McDuffie), Mobile, Alabama, (hereinafter "base price") shall be [redacted] (United States Dollars) [redacted] per net ton for 2005 and [redacted] (United States Dollars) ([redacted]) for 2006, adjusted on a per barge basis for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement. A net ton is defined as 2,000 pounds "avoirdupois".

1.06 Billing and Payment. SELLER shall invoice PURCHASER for the coal delivered to PURCHASER on a per barge basis at the base price as shown in Section 1.05 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated

as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice

In the event demurrage is incurred at McDuffie, SELLER shall pay the corresponding demurrage rate set forth in Appendix B within forty-five (45) days after receipt of the pertinent statement of facts and invoice PURCHASER.

2.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by certified draft survey at the load port by an independent surveyor mutually agreed upon by both parties. The cost of the survey shall be for SELLER'S account. PURCHASER reserves the right to witness the weighing procedure.

2.02 Delivery and Title. All coal to be supplied under this Agreement shall be from SELLER'S affiliate Pribbenow mine located in Colombia, South America. Delivery shall commence on or about January 1, 2005, and shipments shall be as uniform as practicable during contract period, plus or minus ten percent (10%). SELLER and PURCHASER shall mutually agree on actual shipment dates. For months in which SELLER other than reasons of force Majeure and defenses available to Seller fails to achieve these delivery rates through no fault of PURCHASER'S (i.e., McDuffie can receive vessel, or gulf barges are available as scheduled), SELLER shall pay PURCHASER the difference, if any, over the amount of [redacted] United States Dollars ([redacted]) per ton for all tons which Purchaser pays to others for coal to replace Seller's coal, which SELLER failed to load as scheduled in accordance with Section 2.03. Should Purchaser elect to replace coal which Seller fails to load, Seller will first have the option to provide replacement coal.

Make-up of tons not loaded as scheduled shall be at PURCHASER'S sole discretion.

Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time coal is progressively loaded aboard PURCHASER'S gulf barges.

SELLER shall have free time of fourteen (14) weather working hours within which to load each gulf barge. Free time will commence upon tying up, or, if berth is not open, when NOR has been tendered while within reasonable proximity to berth. Completion of loading shall be when the barge is released by the dock. Time used over fourteen (14) hours shall incur demurrage at the rate shown in Appendix B. However, if SELLER notifies PURCHASER within forty-eight (48) hours of loading that the berth will be unavailable and PURCHASER chooses to dispatch the barge to McDuffie, then the commencement of free time will not begin until the berth becomes available and the barge is tied up.

3.01 Coal Specifications. Coal delivered hereunder shall be crushed to three inches (3") by zero inches (0") in size with no intermediate sizes added or removed. Seller will use best efforts to prepare coal so as to be free of bone, slate, shale, fire clay, wood, metal, rock, loose clay and other impurities, as determined by PURCHASER, and shall have the following per barge specifications analyzed on an "as-received" basis. SELLER or SELLER'S terminal shall provide magnets and/or metal detectors, as required, to ensure that metal is eliminated from product.

SPECIFICATION	QUALITY	REJECT
MOISTURE	14.0% MAXIMUM	16.0%
ASH	5.5% MAXIMUM	7.0%
SULFUR	1.2 LB/MMBTU SO_2 MAXIMUM	>1.2 LB/MMBTU SO_2
BTU	11,700/LB MINIMUM	*
VOLATILE	32.0% MINIMUM	----------
ASH HEMISPHERICAL TEMPERATURE	2500 DEGREES FAHRENHEIT MINIMUM	<2500 DEGREES FAHRENHEIT
GRIND	43 MINIMUM	----------
SIZE	3" X 0" WITH MAXIMUM OF 45% LESS THAN ¼" FINES	>50% LESS THAN ¼" FINES

*11,600 Btu/lb. per Puerto Drummond vessel analysis

3.02 Sampling and Analysis. The sampling analyses of each shipment of Coal delivered under this Agreement shall be determined by a mutually agreeable independent third party testing company ('Testing Company"). Representative samples from each shipment of Coal shall be taken at the load port by bias-tested, PURCHASER-approved, mechanical sampler and analyzed by the Testing Company. If no mechanical sampler is available, weighing and sampling may be conducted at discharge point based upon mutual agreement.

A. Methods and Procedures. The methods and procedures for obtaining samples and conducting tests and analyses as required under this Agreement shall be in accordance with good practice and the applicable current standards of the American Society for Testing and Materials ("ASTM") or with methods mutually agreeable to PURCHASER and SELLER. Cost of the sampling and analysis shall be borne for the account of Seller. Splits of each sample (not to exceed 10,000 short tons) shall be provided as follows:

1. One for the analysis by the independent testing company.
2. Referee sample(s) to be held for at least thirty (30) days.
3. One set of splits for the analysis by SELLER or its representative.
4. One set of splits to be retained by SELLER for thirty (30) days after SELLER has rendered its invoice for Subject Coal from which such sample was taken, to be furnished on request to PURCHASER; and

PURCHASER, at its sole expense and risk, may observe and inspect such sampling and analyses and the actual analytical procedures and equipment used in collecting such samples and shall have the right to take check samples of Coal at the port..

B. Analysis to be Made. The analyses to be made by the Testing Company, a third party commercial laboratory, according to methods described in the applicable standards, are as follows:

Moisture, in weight percentage

Ash Content, in weight percentage

Calorific Value, in Btu's per pound

Sulfur, in weight percentage

Volatile Matter, in weight percentage

PURCHASER may also request analysis for HGI, Ash Fusion, or other tests from time to time. Upon request, additional sub-sample(s) shall be maintained to allow SELLER to perform additional analysis.

E. Acceptance of Results. The results of the sampling and analysis by the Testing Company, a third party laboratory, shall be accepted as the quality and characteristics of the coal delivered hereunder in the shipments represented by such samples, and the same shall be accepted as the monthly analysis for the shipments delivered during such month; provided, however, that if either party should at any time question the correctness of the original analysis made on the laboratory sample, it shall have the right to have sub-sample two analyzed by a testing laboratory mutually selected by SELLER and PURCHASER. Said laboratory shall use methods approved by ASTM or other mutually-accepted procedures, and mutually-agreeable standard reference materials.

The party questioning the correctness of the original analysis shall pay the cost of such analyses, and in the event sub-sample two results for coal specifications in Section 3.01 differ from the original analysis by more than the applicable ASTM reproducibility, then the sub-sample two results shall govern. The price of coal represented by such samples shall immediately be adjusted in accordance with the provisions of the Agreement and any amounts due either Purchaser or Seller shall be paid in accordance with Section 1.06 hereof.

PURCHASER shall have the right to have a representative present at any and all times to observe said sampling and analysis and to take reasonable samples.

3.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given by telephone, electronic, or telecopy means to PURCHASER as soon as practical following the loading of coal. Analyses must be received prior to vessel arrival in Crystal River, Florida. Any demurrage charges incurred waiting for analyses shall be for SELLER'S account.

3.04 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any gulf barge. If the coal delivered hereunder in any single shipment fails to meet any of the rejection specifications set out in Section 3.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the rejection specifications listed in 3.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S reasonable satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 3.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S reasonable satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity.

3.05 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit") and not more than .2 percent pyritic sulfur.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If, in PURCHASER'S reasonable determination, PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's or .2 percent pyritic sulfur, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the base price for purposes of applying any adjustments provided in Appendix A for the affected shipment. No Btu premiums shall be allowed on any shipment which received the above sulfur penalty

(2) If PURCHASER rejects any shipment under 3.04 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to

continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

4.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the Party (for purposes of this section shall include Seller's supplier and Purchaser's Buyer).affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such Party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot ,terrorism, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, permitting, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, handling, processing or loading of coal by SELLER (including Seller's supplier) or the receiving, handling, transporting

and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its reasonable best efforts to eliminate such force majeure to the extent reasonably and economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the mutual discretion of the Parties. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's reasonable judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

4.02 Governmental Impositions. The parties also recognize that, during the continuance of this Agreement, legislative or regulator bodies or the courts may adopt laws, regulations, policies and/or restrictions or a change in interpretation of enforcement which impact PURCHASER'S costs and which make it impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units this or like kind and quality of coal which thereafter would be delivered hereunder. If, as a result of the increased costs associated with the adoption of such laws, regulations, policies or restrictions, or change in interpretation or enforcement, PURCHASER decides that it will be impossible or economically impractical for PURCHASER to utilize in PEF's Generating Units coal which would be delivered hereunder, PURCHASER shall so notify SELLER and thereupon PURCHASER and SELLER shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in PURCHASER'S judgment, such actions will, without unreasonable expense to PURCHASER, make it impossible and economically impractical for PURCHASER to so utilize coal which thereafter would be delivered hereunder without violating any applicable law, regulation, policy or restriction, PURCHASER shall have the right, upon six (6) month's prior notice to SELLER, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that, if the impracticality of PURCHASER'S utilizing the coal is only on economical grounds, SELLER may, at its option, prevent such termination by agreeing to reimburse PURCHASER for such expense to the extend that PURCHASER deems such expense to be reasonable.

The parties recognize that, during the continuance of this Agreement, legislative or regulatory bodies or the courts may adopt laws, regulations, policies and/or restrictions or change in interpretation or enforcement which impact SELLER'S mining cost and which will make it impossible or economically impractical for SELLER to continue delivery hereunder. If, as a result of

the increased costs associated with the adoption of such laws, regulations, policies or restrictions, or change in interpretation or enforcement, SELLER decides that it will be impossible or economically impractical for SELLER to continue delivery hereunder, SELLER shall so notify PURCHASER and thereupon SELLER and PURCHASER shall promptly consider whether corrective actions can be taken in the mining and preparation of the coal at the mine and/or in the handling and utilization of the coal at PEF's Generating Units; and if, in SELLER'S judgment, such actions will, without unreasonable expense to SELLER, make it impossible and economically impractical for SELLER to continue to deliver coal hereunder without violating any applicable law, regulation, policy or restriction, SELLER shall have the right, upon six (6) month's prior notice to PURCHASER, to terminate this Agreement without further obligation hereunder on the part of either party; provided, however, that if the impracticality of SELLER'S continuing to deliver coal hereunder is only on economical grounds, PURCHASER may, at its option, prevent such termination by agreeing to reimburse SELLER for such expense to the extent that SELLER deems such expense to be unreasonable.

4.03 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

4.04 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

4.05 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations

hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto except that such notice period shall be 10 days for defaults for non-payment of money.

4.06 Attorney's Fees. In the event either party should default under the terms hereof or fail to perform any of the terms and conditions of this Agreement and a party employs an attorney to protect its interest and obtains a judgment through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

4.07 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any negligent or wrongful act or omission. of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any negligent or wrongful act or omission of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

4.08 Environment, Health, and Safety.

A. Compliance and Indemnification. Seller shall endeavor to comply with all applicable EHS laws and shall indemnify Purchaser against any EHS claims and costs arising from Seller's performance under this Agreement. Purchaser shall endeavor to comply with all applicable EHS

laws and shall indemnify Seller against any EHS claims and costs arising from Purchaser's performance under this Agreement.

B. Definitions (as used in this Section 4.07).

1. Claim means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. EHS means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. Indemnify means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. Law means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. Manage or management, with respect to any material, means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

4.09 Limitation on Indemnification and Liability Generally. Notwithstanding any provisions of this agreement to the contrary, in no event shall either party be liable to an indemnified person under any provision of this Agreement for any lost business opportunities, or consequential, incidental, punitive or exemplary damages incurred or suffered by an indemnified person; provided, this section 4.07 shall not limit an indemnified person's right to indemnification pursuant to Section 4.06 for any such damages that the indemnified person is legally required to pay to third parties as a result of a claim or proceeding.

4.10 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

5.01 Independent Contractor. 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.

5.02 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

5.03 Guarantee Agreement. In order to secure all payment and performance obligations of SELLER to PURCHASER hereunder, SELLER shall cause Drummond Company Inc. (Guarantor) to execute and deliver to PURCHASER a guarantee agreement in an amount and form satisfactory to PURCHASER as represented in Appendix C attached.

5.04 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonable withheld.

5.05 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

5.06 **Applicable Law and Arbitration.** All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. Any dispute arising out of or relating to the Contract which the parties cannot settle by mutual accord, shall be referred to arbitration in Tampa, Florida, USA. in accordance with the Rules of Arbitration of the American Arbitration Association (AAA) in force at the time of arbitration.

The Board of Arbitration shall be composed of three arbitrators, one of whom shall be chosen by the Seller, one by the Purchaser, and the third by the two so chosen. If both or either of the parties fail to choose an arbitrator within fourteen (14) days after receiving notice of commencement of arbitration proceedings, or if the two arbitrators chosen cannot agree upon a third arbitrator within fourteen (14) days after they have been chosen, said third arbitrator shall be appointed by A.A.A. The decision of the majority of the arbitrators shall be final and binding on the parties hereto, including the decision as to allocation of the cost of such arbitration, and may be entered in any court having jurisdiction.

5.07 **Conflict of Interest Policy.** PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities

in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee, unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

5.08 **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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

5.09 **Confidentiality.** Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for

affiliated corporations or unincorporated divisions of the parties hereto, its attorneys, accountants, or other representatives, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

5.10 **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.

WITNESSES:

Roberta A. Utt

Mary J. Bridewell

PROGRESS FUELS CORPORATION

BY: _____

Vice President - Coal Procurement

Date Executed: 9/17/04

WITNESSES:

_____

_____

INTEROCEAN COAL SALES, LDC

BY: _____
Attorney in Fact
Date Executed: _____

APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of 11,700 Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of 11,700 Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than 11,700 Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Dollars Per Ton (DES Barge McDuffie) (Premium if positive—penalty if negative.)

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of five and one-half percent (5.5%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

> 5.5%	[redacted] of the Base Price for each 1.00% or fraction thereof

APPENDIX B

Vessel Demurrage Provision

Demurrage rate escalates quarterly under PURCHASER'S contract with its barge carrier. Current demurrage is [redacted] per hour.

APPENDIX C

DRUMMOND COMPANY, INC.

September 17, 2004

Progress Fuels Corporation
200 Central Avenue
One Progress Plaza
St. Petersburg, Florida 33701

Re: Agreement for the Sale and Purchase of Coal between
Progress Fuels Corporation and Interocean Coal Sales, LDC

Gentlemen:

Reference is made to that certain Agreement for the Sale and Purchase of Coal (the "Contract") dated September 17, 2004, by and between Progress Fuels Corporation (as "Buyer") and Interocean Coal Sales, LDC (as "Seller").

This letter is to confirm that, upon and in consideration of the execution of said Contract dated September 17, 2004, between Seller and Buyer in respect to sale and purchase of coal as defined in said Contract, Drummond Company, Inc. ("DCI") subject to all the rights, limitations defenses and Obligations of Seller, pursuant to the Contract, in law or in equity, guarantees the due and punctual performance of all of the obligations ("Obligations") of Seller solely to the extent and for so long as the obligations remain outstanding under and pursuant to the terms and conditions of the Contract.

Drummond hereby waives diligence, presentment, demand on Seller for any performance, requirement of a prior proceeding against Seller, and protest. **[I don't know if any of these are required pursuant to Alabama law with respect to guarantees of this nature. So instead of having to do all of the associated research, PFC would prefer if Drummond merely waived these to the extent they apply.]** The Buyer shall not be obligated to file any claim relating to the Obligations owing to it if Seller becomes subject to a bankruptcy, reorganization or similar proceeding and the failure of the Buyer to so file shall not affect DCI's obligations hereunder. If any payment to the Buyer with respect to any Obligations is rescinded or must otherwise be returned for any reason whatsoever (and such underlying Obligation remains outstanding), DCI shall remain liable hereunder with respect to such Obligations as if such payment had not been made. No set-off or counterclaim, reduction or diminution of, or defense of any kind to, any obligation of DCI hereunder that DCI may have against Buyer (other than the performance by DCI of its obligations under this Guarantee in full) or through its reservation of defenses of Seller as

provided in this Guarantee, shall be available to DCI against Buyer to reduce its obligations under this Guarantee. **[Since this is a performance guarantee, PFC does not want any setoffs, or any defenses not otherwise herein reserved to be available to DCI that would potentially interfere with PFC obtaining full performance. DCI has reserved Seller's defenses under the Contract, and that should be sufficient to protect DCI.]**

If Seller fails to perform any Obligations, Buyer shall make a written demand on DCI (the "Demand"). The Demand shall identify the Contract under which demand is being made and identify the basis of the demand and shall contain a statement that Buyer is calling upon DCI under this Guarantee. A Demand conforming to the foregoing requirements shall be sufficient notice to DCI to perform under this Guarantee. Notices under this Guarantee shall be deemed received if sent to the address specified below: (i) on the day received if served by overnight express delivery, (ii) on the next business day if served by facsimile transmission when sender has machine confirmation that facsimile was transmitted to the correct fax number listed below, and (iii) fifteen business days after mailing if sent by certified, first class mail, return receipt requested.

To DCI:
Drummond Company, Inc.
1000 Urban Center Drive, Ste. 300
Vestavia Hills, Alabama 35242
Attn: Jack Stilwell
Fax: 205 945-4254

To Seller:
Interocean Coal Sales, LDC
c/o Drummond Coal Sales, Inc.
1000 Urban Center Drive, Ste. 300
Vestavia Hills, Alabama 35242
Attn: George E. Wilbanks
Fax: (205) 945-6440

To Buyer:
Progress Fuels Corporation
200 Central Avenue
One Progress Plaza
St. Petersburg, Florida 33701

The Buyer and Seller may mutually agree to modify the Contract, extend the time of performance, payment or otherwise modify the terms of payment of any of the Obligations, without in any way impairing or affecting this Guarantee.

Neither DCI nor Buyer may assign its rights hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld and any purported assignment absent such consent is void.

No provision of this Guarantee may be amended or waived except by a written instrument executed by DCI and Buyer. This Guarantee shall bind and benefit the successors and assigns of DCI and Buyer. This Guarantee shall not be deemed to benefit any person except Buyer and its successors and assigns. This Guarantee is not intended to benefit any holder of a collateral security interest in Buyer's rights under this Guarantee. This Guarantee itself shall be construed in accordance with and enforced under the laws of the State of Alabama, notwithstanding that arbitration under the Contract may be conducted, and finally settled, pursuant to the Rules of Arbitration of the American Arbitration Association (AAA) in Tampa, Florida.

Very truly yours,

DRUMMOND COMPANY, INC.

By:_____

Its:_____

Drummond/Inter-Ocean Colombian Coal Offer and Evaluations

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

April 30, 2004

Mr. A. W. Pitcher
VP – Coal Procurement
Progress Energy
200 Central Avenue
St. Petersburg, FL 33701

Dear Al:

For good business sake, please confirm our business for 2005 and 2006.

Term: January 1, 2005 through December 31, 2006

Volume: 2005 – 800,000 net tons
2006 – 1,000,000 net tons

Specifications: as received basis

Moisture	14.00% max.
Ash	5.50% max
Sulfur	1.20 # SO2/mmbtu max.
Volatile	32.00% min.
Btu	11,700 Btu min.
Fusion	2500 degrees F
Grind	43 min.
Size	3" x 0" w/max 45% less than ¼"

Price 2005 - [redacted]/NT FOB barge, Mobile, AL
2006 - [redacted]/NT FOB barge, Mobile, AL

All other terms and conditions as per 2004 contract between Florida Progress and Interocean Coal Sales LDC.

If you are in agreement please confirm by signing below.

_____
Mr. A. W. Pitcher

Sincerely,

Dennis J. Steul

Ott, Robin (PFC)

From: Steul, Dennis J. [djsteul@drummondco.com]
Sent: Thursday, April 01, 2004 4:17 PM
To: Pitcher, Al (PFC)
Subject: Additional 2005 Coal

Al,
After running and re-running coal flows, I can increase the 2005 volume from the 600,000 NT to 800,000 NT. I just need you to confirm the extra 200,000 by tomorrow, Friday April 2, 2004.

Thanks Al.

Best regards,
Dennis

IMPORTANT MESSAGE

FOR Al

DATE 4-1 TIME 3:11 A.M / P.M.

M Dennis Stead

OF Drummond

PHONE/ MOBILE

TELEPHONED	✓	PLEASE CALL	
CAME TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		RUSH	
RETURNED YOUR CALL		SPECIAL ATTENTION	

MESSAGE Will send you an e-Mail

SIGNED CAD

1184

Ott, Robin (PFC)

From: Steul, Dennis J. [djsteul@drummondco.com]
Sent: Friday, April 02, 2004 9:38 AM
To: Pitcher, Al (PFC)
Subject: RE: Additional 2005 Coal

Robin,
Done! Thanks.

Regards,
Dennis

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Friday, April 02, 2004 7:07 AM
To: Steul, Dennis J.
Subject: RE: Additional 2005 Coal

Good morning, Mr. Stuel. I spoke with Al and relayed your offer below. He requested that I advise you that he will accept your offer of an additional 200,000 tons to our 2005 volume.

Robin Ott
Progress Fuels Corporation
One Progress Plaza, BT10C
200 Central Avenue
St. Petersburg, FL 33701
Phone No. 727-824-6670
Fax No. 727-824-6601
E-mail Address: robin.ott@progressfuels.com

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Thanks Al.

Best regards,
Dennis

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Thursday, March 25, 2004 9:27 AM
To: 'Steul, Dennis J.'
Subject: RE: 2005 and 2006 Offer
Importance: High

Tracking:

Recipient	Read
'Steul, Dennis J.'	
Crake, Kyle (Energy)	Read: 3/25/2004 9:37 AM

I am sorry I missed your call yesterday, but I was in meetings most of the day. Also, I am available to meet with you on Friday morning. Just let me know what time. Further, I appreciate your quick response regarding 2005 and 2006. I have discussed this proposal with the plant as I indicated I would. They are agreeable to the 2005 pricing as we discussed; but because all projections for the 2006 period indicate several dollars of price erosion, they would approve the following:

YEAR	TONS	PRICE
2005	600,000	[redacted] FOB MOBILE
2006	1,000,000	[redacted] FOB MOBILE

The net affect is $[redacted] per ton for the two years; providing an average of $[redacted] Because all forecast indicate the price erosion, PFC prefers to have the pricing noted above as opposed to a fixed $[redacted] for two years. We are currently proceeding with Risk Committee and management approval. No problems are anticipated and we will have an answer before the expiration of the bid. Please advise regarding the above pricing and tonnage.

Al Pitcher

-----Original Message-----
From: Steul, Dennis J. [mailto:djsteul@drummondco.com]
Sent: Thursday, March 25, 2004 8:47 AM
To: Pitcher, Al (PFC)
Subject: RE: 2005 and 2006 Offer

Al,
Sorry I missed you yesterday. Yesterday when I called, I had wanted to address your response to our offer. I will take the opportunity to do it below.

Actually the business recently confirmed with others was at the [redacted] and for two years (2005 & 2006) with escalation, however George spoke to Garry and he would agree to a fixed price of [redacted] for 2005 and 2006 at the volumes you indicate below (we would need to nail down the volume for 2006).

You are correct, there isn't any fuel adjustment component in our offer nor will there be in any agreement.

Yes we would offer a Drummond letter of guarantee if we are required to sign an agreement under our subsidiary Interocean Coal Sales.

I will try to call you this morning.

Best regards,
Dennis

-----Original Message-----

From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Tuesday, March 23, 2004 2:41 PM
To: Steul, Dennis J.
Subject: 2005 and 2006 Offer
Importance: High

Before I proceed further, with the discussions at the plant regarding additional Mina Pribbenow coal, I need to clarify several observations I have regarding your recent unsolicited 2005 and 2006 offer.

- While we are currently experiencing historically high coal prices, both in the domestic and foreign markets, the view of most industry experts project a slight retreat of coal prices sometime during the latter part of 2005 and a further retreat during 2006.

- Our discussions in Cartagena led me to believe that the price you have offered was a 2005 price and that a lower price could be in the offing for a multi-year arrangement. Your price of $[redacted] which escalates to slightly over $[redacted], at the end of 2006, certainly does not reflect this concept.

- I believe the [redacted] escalation each six months to be excessive given the high beginning price offered and the escalations, or should I say the lack thereof, in other contract offers for the same time frame.

- I fully understand why Drummond has established the Inter-Ocean Coal Sales, LDC, but Progress Fuels Corporation will need to either contract with Drummond Coal (the preferential method) or have a parent guarantee from Drummond Coal (the least preferred method).

- There is no mention I would assume there is none anticipated of a fuel adjustment for the transportation component of your offer.

- Going directly to the bottom line, I believe the plant would entertain a continuation of the supply of Mina Pribbenow at $[redacted] fixed for the term of 2005 and 2006. The tonnage could be 600,000 tons for 2005 and up to 1.0 million tons for 2006.

- All of this of course is subject to approval within our organization, but I wanted to determine if further discussions are warranted between Drummond and Progress Fuels Corporation.

Please review and call at your convenience.

Al Pitcher

Pitcher, Al (PFC)

From: Crake, Kyle (Energy)
Sent: Thursday, March 25, 2004 1:05 PM
To: Byone, Steve (Energy); Hancock, Bonnie (Energy); Orser, Skip (Energy); Currin, Jenny (Energy)
Cc: Pitcher, Al (PFC); Kilgore, Tom (Energy)
Subject: RE: Drummond Coal Transaction

I talked with Skip and he is OK with the transaction.

-----Original Message-----
From: Byone, Steve
Sent: Thursday, March 25, 2004 11:30 AM
To: Hancock, Bonnie; Crake, Kyle; Orser, Skip; Currin, Jenny
Cc: Pitcher, Al (PFC); Kilgore, Tom
Subject: RE: Drummond Coal Transaction

Risk management is ok with this transaction.

Steve

-----Original Message-----
From: Hancock, Bonnie
Sent: Thursday, March 25, 2004 9:13 AM
To: Crake, Kyle; Byone, Steve; Orser, Skip; Currin, Jenny
Cc: Pitcher, Al (PFC); Kilgore, Tom
Subject: RE: Drummond Coal Transaction

I have reviewed this transaction with Kyle Crake, and I recommend that we proceed with securing this purchase.

-----Original Message-----
From: Crake, Kyle
Sent: Thursday, March 25, 2004 8:47 AM
To: Byone, Steve; Hancock, Bonnie; Orser, Skip; Currin, Jenny
Cc: Pitcher, Al (PFC)
Subject: Drummond Coal Transaction
Importance: High

Attached is a two page presentation, presenting the deal terms and background of the Drummond transaction for Crystal River. It appears that with the new deal approval guidelines and the pending start-up of a Fuels Risk Mgmt Subcommittee, this transaction should be reviewed by the RMSC. The transaction is within the dollar value and time limit of my authority, but the review is triggered by the fact that it contains a fixed price and that the purchase was not the result of a RFP process. Steve received the detailed pricing information for his review this morning. Tom Kilgore is out of the office today and asked that Bonnie review and decide on his behalf.

This transaction was contemplated since the original purchase and test of Columbian coal and has been under discussion in previous months. It has come to fruition this week, triggered by Al's visit with Drummond in SA last week and Drummond's limited availability of supply.

I will be asking for either a conference call or one-on-one review today, depending on individual's schedules. I am in St. Pete today and can be reached via cell phone at 815-7402.

<< File: Drummond Purchase.ppt >>

Pitcher, Al (PFC)

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To: Hancock, Bonnie (Energy); Crake, Kyle (Energy); Orser, Skip (Energy); Currin, Jenny (Energy)
Cc: Pitcher, Al (PFC); Kilgore, Tom (Energy)
Subject: RE: Drummond Coal Transaction

Per Kyle Skip is OK with the transaction

3/25/04

Risk management is ok with this transaction.

Steve

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Sent: Thursday, March 25, 2004 9:13 AM
To: Crake, Kyle; Byone, Steve; Orser, Skip; Currin, Jenny
Cc: Pitcher, Al (PFC); Kilgore, Tom
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Importance: High

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This transaction was contemplated since the original purchase and test of Columbian coal and has been under discussion in previous months. It has come to fruition this week, triggered by Al's visit with Drummond in SA last week and Drummond's limited availability of supply.

I will be asking for either a conference call or one-on-one review today, depending on individual's schedules. I am in St. Pete today and can be reached via cell phone at 815-7402.

<< File: Drummond Purchase.ppt >>

Pitcher, Al (PFC)

From: Crake, Kyle (Energy)
Sent: Thursday, March 25, 2004 8:47 AM
To: Byone, Steve (Energy); Hancock, Bonnie (Energy); Orser, Skip (Energy); Currin, Jenny (Energy)
Cc: Pitcher, Al (PFC)
Subject: Drummond Coal Transaction

Importance: High

Attached is a two page presentation, presenting the deal terms and background of the Drummond transaction for Crystal River. It appears that with the new deal approval guidelines and the pending start-up of a Fuels Risk Mgmt Subcommittee, this transaction should be reviewed by the RMSC. The transaction is within the dollar value and time limit of my authority, but the review is triggered by the fact that it contains a fixed price and that the purchase was not the result of a RFP process. Steve received the detailed pricing information for his review this morning. Tom Kilgore is out of the office today and asked that Bonnie review and decide on his behalf.

This transaction was contemplated since the original purchase and test of Columbian coal and has been under discussion in previous months. It has come to fruition this week, triggered by Al's visit with Drummond in SA last week and Drummond's limited availability of supply.

I will be asking for either a conference call or one-on-one review today, depending on individual's schedules. I am in St. Pete today and can be reached via cell phone at 815-7402.



Drummond
rchase.ppt (563 KB)

Provided to Kyle for approval process.

3/25/04

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

March 22, 2004

Mr. Al Pitcher
V. P. Coal Procurement
Progress Fuels Inc
One Progress Plaza
P. O. Box 15208
St. Petersburg, FL 33701

Dear Al:

I thought it would be informative to give you an update on Drummond's Colombian coal availability for 2004 and 2005.

2004

Production:	21.34 mm MT
Confirmed Sales:	21.27 mm MT
Percentage Availability:	< 1%

2005

Production:	25.50 mm MT
Confirmed Sales:	24.05 mm MT
Percentage Availability:	5.7%

Even though we have approximately 1.45 mm MT of coal available, we have requests for over 3.0 mm MT. The 1.45mm MT of coal is being held for certain customers such as Florida Progress.

Presented below is our unsolicited offer of coal as was discussed in our meeting in Cartagena, Colombia last week.

Calendar 2005/2006	**January 1, 2005 - December 31, 2006**
Quantity:	
CY 2005	600,000 net tons +/- 5% for shipping purposes only
CY 2006	1,000,000 net tons +/- 5% for shipping purposes only

Specifications:		As received basis, ASTM standards, FOB barge – Mobile
	Moisture	14.00% maximum
	Ash	5.50% maximum
	Sulfur	1.20 lbs. SO2/mmbtu
	Volatile	32.00% minimum
	Btu	11,700 minimum
	Grind	43 minimum
	Size	3" x 0 w/ max of 45% less than one-quarter inch
	Fusions	2375 F – Initial minimum 2500 F – Softening minimum 2550 F – Hemispherical minimum 2580 F – Fluid minimum
Price:		$ [redacted] per net ton loaded into Buyer's barge(s) at the Alabama State Docks – Mc Duffie Coal Terminal
	Escalation:	[redacted] every six months commencing July 1, 2005.
Sampling & Analysis:		Loadport (Puerto Drummond) sampling and analysis by SGS. Cost is for Interocean's account.
Weight Determination:		Loadport (Puerto Drummond) vessel draft survey performed by SGS. Cost is for Interocean's account.

Actual terms and conditions to be mutually agreed upon by both Progress Energy Inc., and Interocean Coal Sales, LDC.

This offer is valid through the close of business Friday, March 26, 2004.

Interocean Coal Sales appreciates this opportunity to quote our Colombia coal to the Progress Energy Inc.

Sincerely,

George E. Wilbanks
Attorney in Fact

PROGRESS FUELS CORPORATION

MARKET EVALUATION
FOB BARGE

Per United Power, Inc.

	2005	2006
12,000 Btu, 1.2LB SO_2	[redacted]	[redacted]
Btu Adjustment to 12,500 @ [redacted]/100	[redacted]	[redacted]
12,000 Btu, 1.6LB SO_2	[redacted]	[redacted]
Sulfur Adjustment	[redacted]	[redacted]
Btu Adjustment to 12,500 @ [redacted]/100	[redacted]	[redacted]

(1)Midpoint of Bid/Ask

Estimated 2005 Market at $[redacted]; 2006 Market at $[redacted]

UNITED 22-Mar-04 www.upicoal.com Coal Desk Emissions Desk

United Power, Inc. (Coal & Emissions) Dan Vaughn @ 812-473-5810 Ian Tapsall @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid	Ask	Last	Date
Apr	50.00	52.00	*52.00*	3-Mar
May	51.00	52.50		
Q2 04	51.00	52.50	*51.75*	17-Mar
Q3 04	51.50	53.00	*52.50*	17-Mar
Q4 04	51.50	53.00	*52.50*	17-Mar
Q1 05	48.50	50.00		
Q2 05	46.00	48.00		
CY 05	46.00	48.00	*47.50*	9-Mar
CY 06	44.50	46.00	*est.*	

CSX-BSK < 1%

Bid	Ask	Last	Date
54.60	56.50	*54.00*	17-Mar
55.10	56.50	*55.25*	12-Mar
55.10	56.50	*55.70*	17-Mar
56.00	57.00	*56.00*	18-Mar
49.00	51.00	*50.25*	9-Mar
46.00	48.00	*48.00 est.*	9-Mar
46.00	48.00	*48.75*	4-Mar
44.00	46.00	*est.*	

Emissions

SO2	Bid	Ask
Spot	283	287
NOx		
2004	2000	2200
2005	3100	3400
2006	2700	3000
2007	2500	3000
2008	1800	2200

PRB 8800

Delivery	Bid	Ask	Last	Date
Apr	6.50	6.70		
May	6.55	6.75		
Q2 04	6.55	6.75	*6.70*	10-Mar
Q3 04	7.55	7.95	*7.75*	3-Mar
Q4 04	7.55	7.95	*7.75*	3-Mar
Q1 05	7.60	8.00		23-Jan
Q2 05	7.60	8.00		
CY 05	7.60	8.00	*7.50*	26-Feb
CY 06	7.80	8.10	*7.70*	3-Mar

PRB 8400

Bid	Ask	Last	Date
5.50	5.70		
5.50	5.70		
5.50	5.70		
6.50	6.90		9-Jan
6.50	6.90		9-Jan
6.50	6.90		
6.50	6.90		
6.50	6.90		
6.65	7.05	*est.*	

The Daily Scoreboard

Nymex LAL

CY 05 50.00 Qtrly Call trades 1.85

Q2 12000 1.6# Kanawha River synfuel trades 48.25

CSX Rail

Q2 1% was 54.75 / 57.75

Q3Q4 1% was 55.75 / 57.75

Mar-Apr 12500 1.2# 56.50 bid

Utah

Q2 04 - CY 06 11700 <1% bid

NCAA Prize Winner (No. 1)

(not quite as tacky as a Leg Lamp)

Picture omitted due to file size

Other Markets

Delivery	Origin	Btu	#SO2	Last	Date
Mar	CSX	12500	1.2	*56.00*	9-Mar
Q2	NS	12500	1.6	*55.75*	15-Mar
Q3	NS	12500	1.6	*56.55*	17-Mar
CY 05	NS	12500	1.6	*47.50*	26-Feb
Q2	NS	12500	1.2	*59.75*	10-Mar
Q2Q3	NAPP Rail	13000	3.0 / 3.4	*< 47.50*	5-Mar

NCAA 4-2-1 Contest

A second chance to win !!

Out of the remaining field of 16 teams, pick the Final Four, Semi-Final and Champion and the total points in Championship game for tie breaker (if needed)

No Cost to Play

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	CY 05	CY 06
			Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05		
BNSF / UP	8800	0.8	6.60	6.65	6.65	7.75	7.75	7.80	7.80	7.80	7.95
BNSF / UP	8400	0.8	5.60	5.60	5.60	6.70	6.70	6.70	6.70	6.70	6.85

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
BS Rvr	12000	1.2	52.40	53.15	53.15	53.65	53.65	50.65	48.40	48.40	46.65
Nym LAL	12000	1.6	51.00	51.75	51.75	52.25	52.25	49.25	47.00		
CSX-BSK	12500	1.2	57.20	57.45	57.45	58.15	58.15	51.80	48.80	48.80	46.80
CSX-BSK	12500	1.6	55.55	55.80	55.80	56.50	56.50	50.00	47.00	47.00	45.00
NS-T/K	12500	1.2	57.75	58.00	58.00	58.70	58.70	51.80	48.80	48.80	46.80
NS-T/K	12500	1.6	56.05	56.30	56.30	57.00	57.00	50.00	47.00	47.00	45.00

NAPP Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
MGA	13000	3.0 / 3.4	48.50	48.00	48.00	47.00	45.50	40.00	38.00	38.00	37.00
MGA	13000	4.0 / 4.5	45.50	45.00	45.00	44.00	42.50	36.50	34.50	34.50	33.50
Mon Rvr	13000	3.8 / 5.0	42.00	42.00	42.00	36.00	33.00	31.00	30.25	30.25	29.25
U. OH Rvr	12200	6.0	30.00	30.00	30.00	29.00	29.00	27.00	27.00	27.00	26.00

ILB Barge Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
L. OH Rvr	11900	2.5	39.00	38.50	38.50	37.50	37.50	35.00	35.00	35.00	35.00
L. OH Rvr	11800	5.0	34.00	34.00	34.00	33.00	33.00	30.50	30.50	30.50	30.50

Colorado Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
UP	11800	0.9	25.00	25.00	25.00	24.75	24.75	23.50	23.50	23.50	23.50
UP	11100	0.9	20.50	20.50	20.50	20.25	20.25	19.00	19.00	19.00	19.00

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PROGRESS FUELS CORPORATION

EVALUATION
DRUMMOND COAL

Estimated Delivered Price to Crystal River—Domestic Water

	2005	2006
Coal 12,500 Btu, 1.2LB SO_2	[redacted]	[redacted]
River Barge	[redacted]	[redacted]
IMT	[redacted]	[redacted]
Gulf Barge	[redacted]	[redacted]
$/Ton	[redacted]	[redacted]
$/MMBtu	[redacted]	[redacted]
Equate Import Coal @ 11,700 Btu	[redacted]	[redacted]
Less Gulf Barge	[redacted]	[redacted]
Average	[redacted]	
Offer fixed for two years	[redacted]	

IMPORTANT MESSAGE

FOR Rl

DATE 3-24 TIME 10:09 A.M. P.M.

M Dennis Steul

OF Cell -> 205-903-8705

PHONE/ MOBILE 205-945-6411

TELEPHONED	✓	PLEASE CALL	✓
CAME TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		RUSH	
RETURNED YOUR CALL		SPECIAL ATTENTION	

MESSAGE Will be in Florida and would like to meet w/you briefly sometime Friday morning

SIGNED [signature] a 1184

PROGRESS FUELS CORPORATION

March 24, 2004
10:09AM

Al

Dennis Steul just phoned and said you were waiting on the following information to for your meeting with Kyle this morning.

They are agreeable to your counter proposal at $55.50 per net ton fixed for 2005 and 2006.

[redacted] 2006

Robin

One Progress Plaza, B1N0C
200 Central Avenue, St. Petersburg, FL 33701
Phone No: 727/824-6692 Fax No: 727/824-6691

Waiting for a call back from Dennis Steul

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Tuesday, March 23, 2004 3:41 PM
To: 'Steul, Dennis J.'
Subject: 2005 and 2006 Offer
Importance: High

Before I proceed further, with the discussions at the plant regarding additional Mina Pribbenow coal, I need to clarify several observations I have regarding your recent unsolicited 2005 and 2006 offer.

- While we are currently experiencing historically high coal prices, both in the domestic and foreign markets, the view of most industry experts project a slight retreat of coal prices sometime during the latter part of 2005 and a further retreat during 2006.
- Our discussions in Cartagena led me to believe that the price you have offered was a 2005 price and that a lower price could be in the offing for a multi-year arrangement. Your price of [redacted], which escalates to slightly over $[redacted], at the end of 2006, certainly does not reflect this concept.
- I believe the [redacted]% escalation each six months to be excessive given the high beginning price offered and the escalations, or should I say the lack thereof, in other contract offers for the same time frame.
- I fully understand why Drummond has established the Inter-Ocean Coal Sales, LDC, but Progress Fuels Corporation will need to either contract with Drummond Coal (the preferential method) or have a parent guarantee from Drummond Coal (the least preferred method).
- There is no mention I would assume there is none anticipated of a fuel adjustment for the transportation component of your offer.
- Going directly to the bottom line, I believe the plant would entertain a continuation of the supply of Mina Pribbenow at $[redacted] fixed for the term of 2005 and 2006. The tonnage could be 600,000 tons for 2005 and up to 1.0 million tons for 2006.
- All of this of course is subject to approval within our organization, but I wanted to determine if further discussions are warranted between Drummond and Progress Fuels Corporation.

Please review and call at your convenience.

Al Pitcher

Per discussions with the plant and Kyle, they agree with my assessment, but given the uncertainty of 2006 pricing approval to gain at [redacted] for 2005 and [redacted] for 2006. Will call Dennis

3/24/04

3/23/2004

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Tuesday, March 23, 2004 3:58 PM
To: Davis, Donna (PFC); Olivier, Marcia J (Energy); Jackson, Rufus (Energy)
Cc: Portuondo, Javier J (Energy); Cross, Lori J (Energy)
Subject: RE: Coal Purchases from Drummond 2005-2006

Donna, is it your recommendation that we do not proceed with this purchase without an RFP?

Al Pitcher

-----Original Message-----
From: Davis, Donna (PFC)
Sent: Tuesday, March 23, 2004 3:57 PM
To: Olivier, Marcia J (Energy); Pitcher, Al (PFC); Jackson, Rufus (Energy)
Cc: Portuondo, Javier J (Energy); Cross, Lori J (Energy)
Subject: RE: Coal Purchases from Drummond 2005-2006

It is a generic Policy that we must go through the bidding policy or document why we did not. See order for 83.

-----Original Message-----
From: Olivier, Marcia J (Energy)
Sent: Tuesday, March 23, 2004 2:54 PM
To: Davis, Donna (PFC); Pitcher, Al (PFC); Jackson, Rufus (Energy)
Cc: Portuondo, Javier J (Energy); Cross, Lori J (Energy)
Subject: Coal Purchases from Drummond 2005-2006

Hi Donna, Al & Rufus,

Donna & Al: I spoke with Rufus this morning about purchasing coal from Columbia (Drummond Coal) for the 2005-2006 timeframe. He explained that the high quality of the coal helps the plant operate better which saves ratepayers fuel costs in the long run. For example, the plant doesn't have to be derated as often since emissions are better with the Drummond coal, and therefore the power doesn't have to be replaced with more expensive power.

The problem is that the Drummond coal is slightly more expensive, and Rufus wants to make sure from a regulatory standpoint that we can recover the cost without going through the bid process. Lori and I discussed this with Javier, and he explained that there may be a rule that says all coal purchases must go through the bid process. Do you know of anything like this? If this is not an absolute requirement, we should be allowed to use our best judgment and expertise.

Rufus: Javier also reinforced what we discussed earlier, that a cost/benefit analysis will be needed to substantiate our claim that the more expensive coal will benefit the ratepayers in the long run. This can be accomplished by multiplying the number of mwh's that would have been displaced by derating the plant (if other coal had been used) by the average cost of replacement energy. Mark Oliver's group in System Planning can help with the cost of replacement fuel. Then we can take the difference between the savings and the increased coal price to figure out the benefit to ratepayers. If we decide to go with the more expensive Drummond coal, please provide the analysis to us or contact me to discuss who can do this.

Thanks,

Marcia Olivier
Progress Energy Florida - Regulatory Services
Internal 230-5653, External (727) 820-5653
Marcia.Olivier@pgnmail.com

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Tuesday, March 23, 2004 3:55 PM
To: Olivier, Marcia J (Energy); Davis, Donna (PFC); Jackson, Rufus (Energy)
Cc: Portuondo, Javier J (Energy); Cross, Lori J (Energy)
Subject: RE: Coal Purchases from Drummond 2005-2006

The current market is vastly different than we have ever experienced before. To issue an RFP for this Colombian coal would only agitate an already high market. Also, I am not sure that we can necessarily say that this coal will be any more expensive than a comparable projected price for domestic coal for the same time period. The offer I have in front of me is only valid through Friday; and, as presented, is higher than the anticipated domestic market for the same time period. Believe it or not, but Drummond is 96% sold out for 2005, they have request for 3.0 million tons of an available 1.4 million tons and anticipates they will be sold out by mid next week for 2005. They believe they will also be sold out for 2006 by mid year. I have sent them a counter offer for their consideration. If they were to accept this counter, the price would be comparable to projected domestic pricing for the same time period. Please be advised that nothing will be "inked" without the proper approvals.

Al Pitcher

-----Original Message-----
From: Olivier, Marcia J (Energy)
Sent: Tuesday, March 23, 2004 2:54 PM
To: Davis, Donna (PFC); Pitcher, Al (PFC); Jackson, Rufus (Energy)
Cc: Portuondo, Javier J (Energy); Cross, Lori J (Energy)
Subject: Coal Purchases from Drummond 2005-2006

Hi Donna, Al & Rufus,

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The problem is that the Drummond coal is slightly more expensive, and Rufus wants to make sure from a regulatory standpoint that we can recover the cost without going through the bid process. Lori and I discussed this with Javier, and he explained that there may be a rule that says all coal purchases must go through the bid process. Do you know of anything like this? If this is not an absolute requirement, we should be allowed to use our best judgment and expertise.

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Thanks,

Marcia Olivier
Progress Energy Florida - Regulatory Services
Internal 230-5653, External (727) 820-5653
Marcia.Olivier@pgnmail.com

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Water Delivery	2,300,000	2,300,000	2,300,000	2,300,000
Existing contracts:				
Massey-Contract Terminated	0	0	0	0
Total Existing Contracts	0	0	0	0
Total Open Position	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**
New Contract Suppliers:				
Guasare #1	200,000	150,000	0	0
Guasare #2	600,000	650,000	650,000	0
Progress Fuels				
(New Supply; Replaces Massey)	600,000	0	0	0
Drummond	300,000	600,000	1,200,000	0
Total New Contracts	1,700,000	1,400,000	1,850,000	0
Total Existing & New	1,700,000	1,400,000	1,850,000	0
Total Open Position	**600,000**	**900,000**	**450,000**	**2,300,000**
Potential Add'l Suppliers:				
Asset Mgmt Group	45,000	0	0	0
Central Coal	290,000	0	0	0
Keystone	100,000	0	0	0
2003 Carry over	113,000			
Total Potential Suppliers	548,000	0	0	0
Total New and Potential	2,248,000	1,400,000	1,850,000	0
Potential Spot or Additional Contract Purchases:	**52,000**	**900,000**	**450,000**	**2,300,000**
Allocation:				
% Existing contract to delivery	0.0%	0.0%	0.0%	0.0%
% Potential contract to delivery	73.9%	60.9%	80.4%	0.0%
% Total contract to delivery	73.9%	60.9%	80.4%	0.0%
% Potential spot or additional contract to requirement	26.1%	39.1%	19.6%	100.0%

Notes:
(1) **BOLD** denotes open position.
(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.
(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

3/24/04 1:23 PM

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Water Delivery	2,300,000	2,300,000	2,300,000	2,300,000
Existing contracts:				
Massey-Contract Terminated	0	0	0	0
Total Existing Contracts	0	0	0	0
Total Open Position	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**
New Contract Suppliers:				
Guasare #1	200,000	150,000	0	0
Guasare #2	600,000	650,000	650,000	0
Progress Fuels				
(New Supply; Replaces Massey)	600,000	0	0	0
Drummond	300,000	0	0	0
Total New Contracts	1,700,000	800,000	650,000	0
Total Existing & New	1,700,000	800,000	650,000	0
Total Open Position	**600,000**	**1,500,000**	**1,650,000**	**2,300,000**
Potential Add'l Suppliers:				
Asset Mgmt Group	45,000	0	0	0
Central Coal	290,000	0	0	0
Keystone	100,000	0	0	0
2003 Carry over	113,000			
Total Potential Suppliers	548,000	0	0	0
Total New and Potential	2,248,000	800,000	650,000	0
Potential Spot or Additional Contract Purchases:	**52,000**	**1,500,000**	**1,650,000**	**2,300,000**
Allocation:				
% Existing contract to delivery	0.0%	0.0%	0.0%	0.0%
% Potential contract to delivery	73.9%	34.8%	28.3%	0.0%
% Total contract to delivery	73.9%	34.8%	28.3%	0.0%
% Potential spot or additional contract to requirement	26.1%	65.2%	71.7%	100.0%

Notes:
(1) **BOLD** denotes open position
(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.
(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

3/24/04 1:19 PM

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Water Delivery	2,300,000	2,100,000	2,100,000	2,100,000
Existing contracts:				
Massey-Contract Terminated	0	0	0	0
Total Existing Contracts	0	0	0	0
Total Open Position	**2,300,000**	**2,100,000**	**2,100,000**	**2,100,000**
New Contract Suppliers:				
Guasare #1	200,000	150,000	0	0
Guasare #2	600,000	650,000	650,000	0
Progress Fuels				
(New Supply; Replaces Massey)	600,000	0	0	0
Drummond	300,000	0	0	0
Total New Contracts	1,700,000	800,000	650,000	0
Total Existing & New	1,700,000	800,000	650,000	0
Total Open Position	**600,000**	**1,300,000**	**1,450,000**	**2,100,000**
Potential Add'l Suppliers:				
Asset Mgmt Group	45,000	0	0	0
Central Coal	290,000	0	0	0
Keystone	100,000	0	0	0
2003 Carry over	113,000			
Total Potential Suppliers	548,000	0	0	0
Total New and Potential	2,248,000	800,000	650,000	0
Potential Spot or Additional Contract Purchases:	**52,000**	**1,300,000**	**1,450,000**	**2,100,000**
Allocation:				
% Existing contract to delivery	0.0%	0.0%	0.0%	0.0%
% Potential contract to delivery	73.9%	38.1%	31.0%	0.0%
% Total contract to delivery	73.9%	38.1%	31.0%	0.0%
% Potential spot or additional contract to requirement	26.1%	61.9%	69.0%	100.0%

Notes:
(1) **BOLD** denotes open position.
(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.
(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

3/22/04 1:15 PM

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

March 22, 2004

Mr. Al Pitcher
V. P. Coal Procurement
Progress Fuels Inc
One Progress Plaza
P. O. Box 15208
St. Petersburg, FL 33701

Dear Al:

I thought it would be informative to give you an update on Drummond's Colombian coal availability for 2004 and 2005.

2004

Production:	21.34 mm MT
Confirmed Sales:	21.27 mm MT
Percentage Availability:	< 1%

2005

Production:	25.50 mm MT
Confirmed Sales:	24.05 mm MT
Percentage Availability:	5.7%

Even though we have approximately 1.45 mm MT of coal available, we have requests for over 3.0 mm MT. The 1.45mm MT of coal is being held for certain customers such as Florida Progress.

Presented below is our unsolicited offer of coal as was discussed in our meeting in Cartagena, Colombia last week.

Calendar 2005/2006 **January 1, 2005 - December 31, 2006**

Quantity:

CY 2005	600,000 net tons +/- 5% for shipping purposes only
CY 2006	1,000,000 net tons +/- 5% for shipping purposes only

Per Dennis 1.2 million available for 2006

Specifications:	As received basis, ASTM standards, FOB barge – Mobile
Moisture	14.00% maximum
Ash	5.50% maximum
Sulfur	1.20 lbs. SO2/mmbtu
Volatile	32.00% minimum
Btu	11,700 minimum
Grind	43 minimum
Size	3" x 0 w/ max of 45% less than one-quarter inch
Fusions	2375 F – Initial minimum 2500 F – Softening minimum 2550 F – Hemispherical minimum 2580 F – Fluid minimum
Price:	$[redacted] per net ton loaded into Buyer's barge(s) at the Alabama State Docks – Mc Duffie Coal Terminal
Escalation:	[redacted] every six months commencing July 1, 2005.
Sampling & Analysis:	Loadport (Puerto Drummond) sampling and analysis by SGS. Cost is for Interocean's account.
Weight Determination:	Loadport (Puerto Drummond) vessel draft survey performed by SGS. Cost is for Interocean's account.

Actual terms and conditions to be mutually agreed upon by both Progress Energy Inc., and Interocean Coal Sales, LDC.

This offer is valid through the close of business Friday, March 26, 2004.

Interocean Coal Sales appreciates this opportunity to quote our Colombia coal to the Progress Energy Inc.

Sincerely,

George E. Wilbanks
Attorney in Fact

Progress Fuels
Evaluation
Drummond Coal

3/23/04

	2005	2006
Estimated Delivered Cost to CR-Dometic Watts		
Coal / 12500 BTU/1.2 #SO2	$ [redacted]	$ [redacted]
River Barge	[redacted]	[redacted]
IMT	[redacted]	[redacted]
Gulf Barge	[redacted]	[redacted]
$/Ton	[redacted]	[redacted]
$/mmBTU	[redacted]	[redacted]
Equate Import Coal @ 11,700 BTU	$ [redacted]	$ [redacted]
Less Gulf Frt	[redacted]	[redacted]
	[redacted]	[redacted]
Average	$ [redacted]	

Offer Two Year Fixed @ [redacted] and [redacted]

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Progress Fuels
Market Evaluation
FOB Barge

5/23/04

Per United Power Inc

	2005	2006
12000 BTU/1.2# SO_2	[redacted]	[redacted]
BTU Adjustment to 12500 @ .25/100	[redacted]	[redacted]
	[redacted]	[redacted]
12000 BTU/1.6# SO_2	[redacted] (1)	[redacted] (1)
Sulfur Adjustment	[redacted]	[redacted]
BTU Adjustment to 12500 @ .25/100	[redacted]	[redacted]
	[redacted]	[redacted]

(1) Mid Point of Bid/Ask

Estimated 2005 market @ [redacted], 2006 @ [redacted]

Note The United Coal prices are estimates for normal quantities of NymEX and OTC trades usually 15,000 - 20,000 tns/mo or less than 250,000 tns per year. Prices could be at least [redacted] per ton for 1.0 million tons.

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UNITED
United Power, Inc. (Coal & Emissions)

22-Mar-04

www.upicoal.com
Dan Vaughn @ 812-473-5810

Coal Desk
Ian Tapsall @ 203-762-8493

Emissions Desk
Tom Gibson @ 281-340-8300

Nymex look-alike

Delive y	Bid	Ask	Last	Date
Apr	50.00	52.00	*52.00*	3-Mar
May	51.00	52.50		
Q2 04	51.00	52.50	*51.75*	17-Mar
Q3 04	51.50	53.00	*52.50*	17-Mar
Q4 04	51.50	53.00	*52.50*	17-Mar
Q1 05	48.50	50.00		
Q2 05	46.00	48.00		
CY 05	46.00	48.00	*47.50*	9-Mar
CY 06	44.50	46.00	*est.*	

Bid	Ask	Last	Date
54.60	56.50	*54.00*	17-Mar
55.10	56.50	*55.70*	17-Mar
56.00	57.00	*56.00*	18-Mar
56.00	57.00	*56.00*	18-Mar
49.00	51.00	*50.25*	9-Mar
46.00	48.00	*48.00 est.*	9-Mar
46.00	48.00	*48.75*	4-Mar
44.00	46.00	*est.*	

Emissions

SO2	Bid	Ask
Spot	283	287
NOx		
2004	2000	2200
2005	3100	3400
2006	2700	3000
2007	2500	3000
2008	1800	2200

PRB 8800

Delivery	Bid	Ask	Last	Date
	6.50	6.70		
	6.55	6.75		
	6.55	6.75	*6.70*	10-Mar
Q3 04	7.55	7.95	*7.75*	3-Mar
Q4 04	7.55	7.95	*7.75*	3-Mar
Q1 05	7.60	8.00		23-Jan
Q2 05	7.60	8.00		
CY 05	7.60	8.00	*7.50*	26-Feb
CY 06	7.80	8.10	*7.70*	3-Mar

PRB 8400

Bid	Ask	Last	Date
5.50	5.70		
5.50	5.70		
5.50	5.70		
6.50	6.90		9-Jan
6.50	6.90		9-Jan
6.50	6.90		
6.50	6.90		
6.50	6.90		
6.65	7.05	*est.*	

The Daily Scoreboard

Nymex LAL
CY 05 50.00 Qtrly Call trades 1.85
Q2 12000 1.6# Kanawha River synfuel trades 48.25
CSX Rail
Q2 1% was 54.75 / 57.75
Q3Q4 1% was 55.75 / 57.75
Mar-Apr 12500 1.2# 56.50 bid
Utah
Q2 04 - CY 06 11700 <1% bid
NCAA Prize Winner (No. 1)
(not quite as tacky as a Leg Lamp)

Picture omitted due to file size

Delivery	Origin	Btu	#SO2	Last	Date
Mar	CSX	12500	1.2	*56.00*	9-Mar
Q2	NS	12500	1.6	*55.75*	15-Mar
Q3	NS	12500	1.6	*56.55*	17-Mar
CY 05	NS	12500	1.6	*47.50*	26-Feb
Q2	NS	12500	1.2	*59.75*	10-Mar
Q2Q3	NAPP Rail	13000	3.0 / 3.4	*< 47.50*	5-Mar

NCAA 4-2-1 Contest

A second chance to win !!
Out of the remaining field of 16 teams, pick the Final Four, Semi-Final and Champion and the total points in Championship game for tie breaker (if needed)
No Cost to Play

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal — 22-Mar-04

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	CY 05	CY 06
			Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05		
BNSF / UP	8800	0.8	6.60	6.65	6.65	7.75	7.75	7.80	7.80	7.80	7.95
BNSF / UP	8400	0.8	5.60	5.60	5.60	6.70	6.70	6.70	6.70	6.70	6.85

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
BS Rvr	12000	1.2	52.40	53.15	53.15	53.65	53.65	50.65	48.40	48.40	46.65
Nym LAL	12000	1.6	51.00	51.75	51.75	52.25	52.25	49.25	47.00	47.00	45.25
CSX-BSK	12500	1.2	57.20	57.45	57.45	58.15	58.15	51.80	48.80	48.80	46.80
CSX-BSK	12500	1.6	55.55	55.80	55.80	56.50	56.50	50.00	47.00	47.00	45.00
NS-T/K	12500	1.2	57.75	58.00	58.00	58.70	58.70	51.80	48.80	48.80	46.80
NS-T/K	12500	1.6	56.05	56.30	56.30	57.00	57.00	50.00	47.00	47.00	45.00

NAPP Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
MGA	13000	3.0 / 3.4	48.50	48.00	48.00	47.00	45.50	40.00	38.00	38.00	37.00
MGA	13000	4.0 / 4.5	45.50	45.00	45.00	44.00	42.50	36.50	34.50	34.50	33.50
Mon Rvr	13000	3.8 / 5.0	42.00	42.00	42.00	36.00	33.00	31.00	30.25	30.25	29.25
U. OH Rvr	12200	6.0	30.00	30.00	30.00	29.00	29.00	27.00	27.00	27.00	26.00

ILB Barge Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05		
L. OH Rvr	11900	2.5	39.00	38.50	38.50	37.50	37.50	35.00	35.00		
L. OH Rvr	11800	5.0	34.00	34.00	34.00	33.00	33.00	30.50	30.50	30.50	30.50

Colorado Coal

Origin	Btu	#SO2	Apr	May	Q2 04	Q3 04	Q4 04	Q1 05	Q2 05	CY 05	CY 06
UP	11800	0.9	25.00	25.00	25.00	24.75	24.75	23.50	23.50	23.50	23.50
UP	11100	0.9	20.50	20.50	20.50	20.25	20.25	19.00	19.00	19.00	19.00

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The information contained herein is confidential and is intended solely for the addressee(s). It shall not be construed as a recommendation to buy or sell.
All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

Pitcher, Al (PFC)

From: fgarcia-cmc@cerrejoncoal.com on behalf of Francisco.Garcia@cmc-coal.ie
Sent: Tuesday, April 06, 2004 3:20 PM
To: Pitcher, Al (PFC)
Subject: CMC 2005

Al:
It was nice talking to you over the phone.
We look forward for your RFP, to be released April 12.
For 2005 we have coal available of our different qualities i.e A of 12100 Btu, B of 11800 Btu, C of 11600 Btu and D of 11300 Btu.
As an indication, for next year CIF prices in the US Gulf could be in the range of $[redacted] per net ton, basis 11300 Btu. Firm CIF prices would depend on the coal quality finally offered and on the freight rate we are able to secure from Puerto Bolivar to either IMT/Electrocoal or McDuffie. Both aspects will be worked out in detail in response to your coming solicitation.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

This quote was requested on 3/23. Response was received after a 2nd call was made.
Same [redacted] @ 11300 BTU.
Adjustment for BTU's @ [redacted]/100 equates to [redacted] for an 11700 BTU either at NOLA or Mobile
Delivered therefore equates Drummond

4/6/04

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Monday, April 05, 2004 4:02 PM
To: 'Francisco J. Garcia (francisco.garcia@cmc-coal.ie)'
Cc: Crake, Kyle (Energy)
Subject: Bids
Importance: High
Contacts: Francisco J. Garcia

Tracking:

Recipient	Read
'Francisco J. Garcia (francisco.garcia@cmc-coal.ie)'	
Crake, Kyle (Energy)	Read: 4/5/2004 8:45 PM

I enjoyed meeting with you during the recent conference in Cartagena and look forward to further discussions regarding your Colombian coals delivering into the Crystal River facilities.

I understand that you met with Dwain Lanier and his group last week and that they are going to purchase two vessels for delivery later this year. I wanted to clear up any misunderstanding that may have developed as the result of your meeting with Progress Energy-Carolina (PGN-Carolina). Our company is Progress Fuels Corporation and is part of the unregulated activities of Progress Energy. Please make sure that no bids are sent to PGN-Carolina that pertains to the delivery of coal to the Crystal River facilities. Dwain's group has no responsibility for the purchasing activities in Florida. I hope this is helpful for your future responses to RFP's.

Additionally, I am still waiting for a bid from CMC for Colombian coal for delivery to either New Orleans or Mobile during 2005 and 2006. What is the status?

Al Pitcher

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Tuesday, April 06, 2004 5:43 PM
To: Crake, Kyle (Energy)
Subject: Colombian Coal Offer

Just to let you know that I finally received a Colombian coal offer from Francisco Garcia of CMC-Coal Marketing Company Ltd. The price is comparable to our Drummond purchase. I believe the delay, in receiving the bid, was caused from Francisco's meeting with the PGN-Carolina group. I discussed the concerns Jim Mcgee has with an exchange of prices between the two groups with Bill Knight and he indicated that PGN-Carolina had discussed the potential for a bid from CMC for coal for both Carolina and Florida. I told him that would not work. We need to purchase on our own. He and agreed to table this discussion until you return from vacation and I have had time to thoroughly discuss this with you. My email of 4/5 corrected things with Francisco. We can explore our tactics when you return.

Al Pitcher

Progress Energy

December 15, 2003

SENT VIA FAX NO. 205/945-6440

Mr. Dennis J. Steul
Director, North American Sales
Drummond Coal Sales, Inc.
530 Beacon Pkwy. W., Ste. 800
Birmingham, Alabama 35209

Dear Dennis:

This letter will confirm our acceptance of your offer dated December 2, 2003, wherein Drummond Coal Sales, Inc. (Drummond) offered to sell and Progress Fuels Corporation (PFC) agreed to purchase 300,000 tons of 1.2 LB/SO_2 "compliance" coal during the period February through December 2004.

This coal shall be prepared so as to be free of excess quantities of bone, slate, shale, fire clay, wood, rock, loose clay, and other impurities and are expected to meet the following specifications on an "as-received" basis:

SPECIFICATION	*REQUIREMENT*
MOISTURE	14.0% MAXIMUM
ASH	5.5% MAXIMUM
SULFUR	1.2 LB/MMBTU SO_2 MAXIMUM
BTU	11,700/LB MINIMUM
VOLATILE	32.0% MINIMUM
ASH HEMISPHERICAL TEMPERATURE	2500 DEGREES FAHRENHEIT MINIMUM
GRIND	43 MINIMUM
SIZE	3" X 0" WITH MAXIMUM OF 45% LESS THAN ¼" FINES

The price on this coal will be [redacted] per net ton loaded into PFC-supplied ocean-going barges at McDuffie Island, ASD, Mobile, Alabama. This price is based on a guarantee of 11,700 Btu/LB. Premium/penalty, if any, will be computed at the rate of [redacted] per 100 Btu. Invoices, *reflecting premium/penalty calculations*, are payable fifteen (15) days from receipt and should be sent to the attention of Ms. Carrie Leonard, Senior Accountant, at Progress Fuels Corporation, Post Office Box 15208, St. Petersburg, Florida, 33733.

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Sampling and analysis and barge draft survey shall be performed by SGS at load port and shall be for Seller's account.

Coordination of these shipments will be made with PFC's Mrs. Tina McRoberts at 727/824-6682. Coordination of sampling related matters will be with PFC's Mr. Roy F. Potter at 727/824-6684.

If you are in agreement with this letter and the attached terms and conditions, please indicate so by signing in the appropriate acceptance blocks and returning one original for our files.

If you have any questions, please do not hesitate to contact us.

Sincerely,

A. W. Pitcher
Vice President – Coal Procurement

AWP/ro

cc: Ms. C. R. Clarke
Mrs. D. M. Davis
Mrs. M. J. Kuderick
Mr. F. M. Lelak
Ms. C. A. Leonard
Mrs. T. M. McRoberts
Mrs. V. M. Muehlendyck
Mr. R. F. Potter

Agreed to and accepted this the 15 *day of* December, *2003.*

Drummond Coal Sales, Inc.

By: Dennis Stuel
Its: DIRECTOR OF SALES

TERMS AND CONDITIONS
MADE A PART OF
LETTER AGREEMENT DATED DECEMBER 15, 2003

These Terms and Conditions shall be a part of, and incorporated in, the above-identified Letter Agreement. Commencement of deliveries by Seller shall constitute acceptance of all the terms stated in the Letter Agreement, as well as all of the following General Terms and Conditions even advance of Seller's signature.

All coal purchased hereunder shall be received subject to Purchaser's right of inspection and rejection. Rejected coal will be held at Seller's risk for a reasonable time and will be returned or disposed of according to Seller's instructions and at Seller's expense. The net proceeds of any such disposition will be credited to Seller's account. Payment in whole or in part by Purchaser for coal purchased hereunder shall not constitute an acceptance of coal, which is rightfully rejected.

Should Seller default in whole or in part as to quantity or quality of coal under this Letter Agreement, Purchaser shall have, in addition to any other rights it may have at law or in equity, the right to acquire suitable substitute or replacement coal. In such event, Seller shall reimburse Purchaser for the amount by which the cost of substitute or replacement coal exceeds the price of coal under the Letter Agreement. The quality analysis performed by an independent certified testing company selected by Purchaser would be final and binding as to all questions of quality.

If shipment is not made of coal to be supplied hereunder by the date specified on the front of the Letter Agreement and deferred shipment has not been approved by Purchaser, Purchaser shall not be required to accept delivery of such shipments or Purchaser may elect to accept such shipments without prejudice to its rights hereunder. If at any time, Seller has reason to believe that deliveries will not be made as scheduled, he shall immediately give written notice setting forth the cause of the anticipated delay. Seller shall be responsible for any demurrage as the result of this delay.

For purposes of these Terms and Conditions, a "shipment" shall mean the quantity actually received in any vessel, barge, or unit train. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in the Letter Agreement other than sulfur content, Purchaser shall have each of the following options to be exercised in its sole discretion:

1. Purchaser may notify Seller that Purchaser will accept such coal subject to and in accordance with the provisions set forth in the Letter Agreement; provided, however, that Purchaser's exercise of this option shall in no way constitute a waiver of Purchaser's right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

2. Purchaser will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in the Letter Agreement, and Purchaser may notify Seller to suspend further deliveries of coal hereunder until Seller demonstrates to Purchaser's sole satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Letter Agreement; provided, however, that

Purchaser's exercise of this option shall in no way constitute a waiver of Purchaser's right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If Seller fails to make the above demonstration to Purchaser's satisfaction within thirty (30) days after notice by Purchaser, Purchaser shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity. Should legal proceedings be instituted by Purchaser to recoup its losses or damage hereunder, it shall, in addition, be entitled to recover from Seller all court costs, reasonable attorney's fees and any expenses incurred by Purchaser, incident to such proceeding.

Should Seller become insolvent, or a voluntary or involuntary petition is filed as to Seller under the United States Bankruptcy Code, or a receivership or similar proceeding be filed as to Seller, the Purchaser may, at its option and in its sole discretion anytime thereafter upon giving written notice, terminate the Letter Agreement in whole or in part. The foregoing remedy of Purchaser is not to be considered exclusive, but shall be cumulative and be in addition to any other remedies of Purchaser as provided herein.

As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, permitting, judicial rule or order adopted, amended or newly interpreted subsequent to the date of the Letter Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, handling, processing or loading of coal by Seller or the receiving, handling, transporting and/or delivering by Purchaser's carrier thereof or the accepting, handling, utilizing and/or unloading thereof by Purchaser or Purchaser's intended buyer, Progress Energy Florida (PEF).

In the event performance of Seller's obligations hereunder or Purchaser's obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by the Letter Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the Purchaser. In the event force majeure results in a partial reduction in the total quantity of coal Seller is obligated to deliver hereunder, the quantity of coal Seller shall be obligated to deliver to Purchaser hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of the Letter Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under the Letter Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

Seller shall not, without Purchaser's prior written consent, which consent will not unreasonably be withheld, (i) make any assignment or transfer of the Letter Agreement, by operation of law or otherwise, including without limitation any assignment, encumbrance or transfer as security for any obligation, or (ii) assign or transfer the right or duty to perform any obligation of Seller hereunder; provided, however, that Seller may assign the right to receive payments for coal sold hereunder directly from Purchaser to a lender as part of any accounts receivable financing or other revolving credit arrangement which Seller may have now or at any time during the term of the Letter Agreement. Seller may assign the Letter Agreement to an affiliate of Seller, or as part of a merger or consolidation, involving Seller, provided, however, that in the case of an assignment to an affiliate, Seller shall remain liable for the performance and for the obligations of the assignee.

The terms and provisions hereof shall be construed and enforced in accordance with the laws of the state of West Virginia.

Each party shall maintain the terms of the Letter Agreement and any information or data relating hereto, including site visits, in confidence and, except as may be required by law, shall not disclose such information or data or any other information concerning the performance or administration of the Letter Agreement to any other party other than a party's officers, directors, members, employees, contractors, agents, attorneys, accountants or financial advisers who have a need to have access thereto or as required by applicable law, regulation or judicial or governmental order. If either party is required to disclose any information required by this Section to be maintained as confidential in a judicial, administrative or governmental proceeding, such party shall give the other party at least ten (10) days prior written notice (unless less time is permitted by the applicable proceeding) before disclosing any such information in any such said proceeding and, in making such disclosure, the party required to disclose the information shall disclose only that portion thereof required to be disclosed and shall take all reasonable efforts to preserve the confidentiality thereof, including obtaining protective orders and supporting the other party in intervention. Nothing contained herein shall obligate either party to disclose to the other party any information that would be prohibited from disclosure under confidentiality agreements with third parties, including, without limitation, licenses; and any such information shall only be disclosed to the other party after appropriate confidentiality agreements have been entered into or appropriate consents obtained. The terms and provisions of this Section shall survive the termination of the Letter Agreement for a period of two (2) years.

The terms and conditions set forth herein constitute a complete and exclusive statement of agreement between the parties hereto, regardless of any terms contained in any order, acknowledgment or any other instrument. No statements or agreements, oral or written, not contained herein shall vary or modify the terms hereof. Neither party shall claim any amendments, modifications, or release from any provisions hereof unless the same is in writing signed by each of the parties hereto and specifically states the same is an amendment to the Letter Agreement. Waiver by either party hereto of any breach by the other party of the terms and conditions hereof shall not be construed as a waiver of any other breach.

Seller, for itself and its successors and assigns, agrees to indemnify, defend and hold Purchaser and its affiliates and their respective directors, officers, employees and agents harmless from and against all (a) claims, demands, damages, actions and causes of actions, and costs and expenses in connection therewith or related thereto (including without limitation attorney's fees and court costs) arising from property damage, bodily injury or death of third parties, directly caused by Seller's unlawful or negligent performance under the Letter Agreement, and (b) all fines, penalties, costs, losses or expenses incurred by Purchaser by reason of Seller's violation of any applicable federal, state and local laws, ordinances or regulations directly related to producing, supplying, transporting, delivering or using coal under the Letter Agreement. Purchaser shall give Seller prompt written notice of any claim, demand or suit of which Purchaser receives notice arising out of or in connection with the Letter Agreement and covered by this indemnity. Purchaser shall have the right to reasonably participate in any defense provided by Seller, including the selection of local counsel. The indemnification provision shall survive the expiration or earlier termination of the Letter Agreement.

Seller agrees to conform to Purchaser's environmental, health, and safety standards as follows:

1. **Compliance and Indemnification.** Seller shall comply with all applicable EHS laws and shall indemnify Purchaser against any EHS claims and costs arising from Seller's performance under the Letter Agreement.

2. **Audits.** Purchaser may audit Seller's EHS compliance. Within thirty (30) days of Purchaser's request, Seller shall deliver to Purchaser (1) all records regarding (a) Seller's actual or alleged violations of EHS laws and (b) EHS claims asserted against Seller, in each case in the five year period preceding Purchaser's request and (2) any executed consent form(s) necessary for Purchaser to obtain from regulatory agencies and other third parties information regarding Seller's EHS compliance.

3. **Definitions (as used in the Letter Agreement).**

    a. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

    b. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

    c. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

    d. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

    e. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

Further (a) Notwithstanding any provision in the Letter Agreement to the contrary, neither party shall be liable hereunder for incidental, special, punitive, consequential or other indirect loss or damage, or for lost profits, business, tax credits or any other special or incidental loss or

damage. The parties further agree that the waivers and disclaimers of liability expressed in this Letter Agreement shall survive termination of the Letter Agreement, and shall apply whether in contract, equity, tort or otherwise, even in the event of the fault, negligence, including sole negligence, strict liability or breach of warranty of any party released or whose liabilities are waived or disclaimed. Except as otherwise provided, neither party makes any warranties or guarantees to the other, either express or implied, with respect to the subject matter of the Letter Agreement, and both parties disclaim and waive any implied warranties or warranties imposed by law, (b) Notwithstanding any provision of the Letter Agreement to the contrary, the parties recognize the Purchaser is a corporation formed under the laws of the State of Florida and the Seller is a company formed under the laws of the State of Delaware and that no past, present or future shareholder, officer, director, member or manager of either party shall have any personal liability for any obligation whatsoever or howsoever arising (including under contract or in tort or equity) under or with respect to the Letter Agreement or the transaction contemplated hereby, or applicable law with respect thereto. Neither Purchaser nor Seller shall (i) assert or seek to assert any claim against, (ii) name in any civil action or proceeding or arbitration, or (iii) seek or obtain any judgment, order or decree against any member, manager, shareholder, officer, employee, agent or representative of Purchaser or Seller, with respect to Purchaser's or Seller's obligations under the Letter Agreement.

If Purchaser and Seller are each required to pay any amount to each other, then such amounts with respect to each other may be aggregated and the Purchaser and Seller may discharge their obligations to pay through netting, in which case the Purchaser or Seller, if any, owing the greater aggregate amount may pay to the other party the difference between the amounts owed. The Purchaser or Seller reserves to itself all rights, setoffs, counterclaims, and other remedies and defenses consistent with this Letter Agreement, to the extent not expressly herein waived or denied, which the Purchaser or Seller has or may be entitled to arising from or out of this Letter Agreement. The obligations to make payment under this Letter Agreement may be offset against each other, setoff or recouped there from. For the purpose of this section only, Purchaser and Seller shall also mean any affiliates, subsidiaries, or other related entities of Purchaser and Seller.

Additionally, Seller represents to and covenants with Purchaser that it has obtained and will maintain or cause to be maintained at its expense:.

1. At a minimum, Automobile Liability Insurance applying to own, non-owned and hired vehicles with a limit of $1 Million combined single limit coverage per occurrence. Additionally, Umbrella Liability coverage with a minimum of $1 Million limit per occurrence is desired.

2. Workers' Compensation, Employees' Liability insurance with a minimum of $500,000 Accident, $500,000 Disease and $500,000 Employee coverage.

3. Employers' Liability Insurance with a minimum of $1 Million coverage per claim.

The Letter Agreement dated December 15, 2003, and these Terms and Conditions constitute the agreement in total between the parties. Neither party hereto shall claim any amendments, modifications, or release from any of the provisions hereof unless the same is in writing, signed by each of the parties hereto and specifically states the same is an amendment to the Letter Agreement and these Terms and Conditions. Waiver by either party of any part of the Letter Agreement or these Terms and Conditions shall not be construed as a waiver of any other breach.

These Terms and Conditions may be executed in any number of counterparts, including by means of facsimile signatures, each of which shall be an original, but all of which together shall constitute one and the same instrument.

Agreed to and accepted this 15th **day of** December, **2003.**

"Purchaser"	**"Seller"**
By:	By:
Its: Vice President Coal Procurement	Its: DIRECTOR OF SALES

Pitcher, Al (PFC)

From: Rothman, Marc on behalf of Rothman, Marc (Energy)
Sent: Tuesday, July 27, 2004 4:45 PM
To: Pitcher, Al (PFC)
Subject: RE: Guaranty Agreement

Knowing you have a good business history with Drummond is helpful. From Credit's perspective you are doing the right things (getting a performance gty, asking for financials - even if they won't provide them). Unless they will put up a LOC there is nothing more we can do. I advise that this is performance risk and therefore plan appropriately. I'll defer legal language on the gty to McQuade. Thanks for keeping me in the loop.

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Tuesday, July 27, 2004 4:33 PM
To: Rothman, Marc
Subject: RE: Guaranty Agreement

Yes we are buying and no we do not need a payment guarantee. I originally used the "standard" form provided to me, which was my mistake. I am very familiar with Drummond. We have a current order with them for 300K of Colombian Coal during 2004. The new agreement will be for 800K for 2005 and 1.0 million for 2006. They are very reliable. I could never say nothing lost if we do not get the coal because it is a great deal given the current market. They are willing to guarantee the performance of Inter-Ocean. The have this arrangement strictly for tax purposes.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Rothman, Marc
Sent: Tuesday, July 27, 2004 4:21 PM
To: Pitcher, Al (PFC); McQuade, Mark A (Energy)
Subject: RE: Guaranty Agreement

A few comments/questions:

1) Is Progress buying? If so then why do we need a pymt gty? We'll be the party that makes payment.
2) I wouldn't refuse a gty from Drummond, but from a credit perspective it doesn't do too much unless I can rate the company or it is backed by securitized assets. Al, are you familiar with Drummond? Do they have a good reputation? Do you have any business history with them?

As far as mitigating risk, we are concerned with getting the coal (amount and quality) delivered. As you mentioned, this is performance risk. So long as you are not pre-paying for it or banking on this being your only supply, what happens if it is not delivered? Is it correct to say that if the coal is delivered - great. If it isn't delivered then nothing is lost? I only ask this to understand what's at risk here.

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Tuesday, July 27, 2004 3:59 PM
To: McQuade, Mark
Cc: Rothman, Marc
Subject: FW: Guaranty Agreement

I forgot to attach the guaranty agreement.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Pitcher, Al (PFC)
Sent: Tuesday, July 27, 2004 3:41 PM
To: McQuade, Mark A (Energy)
Cc: Rothman, Marc (Energy)
Subject: Guaranty Agreement

We have a contract for 2005 and 2006 for Colombian coal. Our contract will be with Inter-Ocean Coal Sales, LDC, a wholly owned subsidiary of Drummond Coal Company. Drummond will guarantee performance of Inter-Ocean. Attached is a recent red-lined version of our corporate guaranty agreement. However, I have noticed that this agreement only pertains to payment obligations and not performance. Both Drummond and PFC desire to have performance as part of the agreement. Please review the document and recommend changes. Also, Drummond is a privately held company and will not release financial information. Please advise.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

COAL SOLICITATION—"D" COAL
CRYSTAL RIVER UNITS 4 & 5

RFP'S RELEASED 04/12/04

WORKPAPERS

COPIES

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation	BT10E	727/824-6692
Office	MAC	Phone No.

SUBJECT: 2005-2007 REQUEST FOR PROPOSALS (RFP), PURCHASE ACTIVITY AND CONTRACT RE-OPENERS (RE-OPENERS)

TO: Charlie Gates **DATE:** June 22, 2004

Since the beginning of the year, coal prices have continued to escalate to unprecedented levels. At the present time, there does not appear to be anything that will allow these prices to recede from their current levels. Most projections show a very strong coal market, at least through 2005 and probably well into 2006. Coal has been affected, like other fuels, by a worldwide mix of uncertainties, regulatory indecision, improving and in some cases "booming" (China) economies, transportation shortages and inefficiencies, and regional coal supply shortages. As discussed during each of our past meetings, we at Progress Fuels Corporation (PFC) are committed to continue to seek the most opportune times to enter the coal market to insure the competitiveness of the Crystal River plants. In addition to participating in the 2004 spot coal market, when we deemed it advantageous, PFC successfully renegotiated agreements with various suppliers in conjunction with their contract price re-opener provisions. Additionally, PFC has just completed evaluating and purchasing coal from the results of the 2005-2007 Request for Proposals (RFP).

Last year, we had eight contracts with price re-openers, five of which were for the Delta coal and three of which were for the Alpha coal. We successfully renegotiated six contracts (three Alpha and three Delta) and were unsuccessful with two Delta suppliers. A portion of the tonnage for the unsuccessful contracts was placed with other existing suppliers and the balance was secured in the 2004 spot market. More importantly, we negotiated renewed prices, tons, and two-year terms (2004 and 2005) with two suppliers; and in each case, we have re-openers for 2006. Our 2004 RFP purchases and the renegotiated contracts are currently at least [redacted] below the current market.

Our challenge this year was to attempt timing the market for our 2005-2007 RFP and any other purchases that we deemed of value. Although the prices are dramatically higher than last year, we were able to time the market such that the purchases we made, based on the results of the RFP just one month ago, are [redacted] dollars below the current market; and in the case of the March Colombian purchase, it is at least [redacted] below the current market for that coal.

The remainder of this memo will address the results from the 2005-2007 RFP and the Drummond Colombian coal purchase noted above. The 2005-2007 RFP provided PFC a reasonable selection of potential suppliers. We received bids from 20 domestic and foreign suppliers who submitted 37 bids. Last year we received bids from 21 domestic and foreign suppliers, submitting approximately 75 bids. This year we were offered 33.0 million tons of which 13% were foreign offers and 87% were water, rail-eastern, and rail-western offers. Last year we were offered 42.0 million tons spread fairly evenly between the foreign and domestic suppliers.

Because of the strength of the current market, we only purchased for 2005 and 2006. Our plan is to watch the market, and re-enter for both spot and contract coal during late 2004 and early 2005. I have enclosed with this memo the purchases and the economic evaluation from the RFP (See Attachment "A"), a Supply Assessment for 2005 and 2006 (See Attachment "B"), and the 2005 and 2006 scheduled purchases including their economic evaluations (See Attachment "C").

As always, we attempted to improve the economics, as compared to the prices offered, while increasing the tonnage purchased and the term offered.

2005-2006 PURCHASES

FOREIGN WATER

Choice:

- During the latter part of March and early April, we began negotiations with Drummond for an extension of our 2004 agreement. This decision was made because all indicators pointed to the beginning of another round of price increases and supply shortages for both domestic and foreign coals. We purchased 800,000 tons for 2005 and 1 million tons for 2006 from Drummond's Mina Pribbenow mines; this is "Delta" coal. The delivered cost to Crystal River (CR) is [redacted] $/MMBTU and [redacted] $/MMBTU, respectively.

  No additional purchases were made for foreign coal from the RFP because the prices submitted from other foreign suppliers were not competitive. Their prices ranged from [redacted] to [redacted] $/MMBTU. These prices compared to [redacted] to [redacted] $/MMBTU, for offers from the domestic suppliers.

Explanation:

During 2004, we began shipments of Drummond's Colombian coal. The results economically, environmentally, and operationally have been excellent. This coal, besides being very low in ash and sulfur, reduces NO_x emissions by almost 25%. This purchase will assist CR in achieving their NO_x goals, while providing them with a competitively priced product.

DOMESTIC WATER

Choices:

- We purchased "Delta" coal from two suppliers for delivery on the river system. We were offered and purchased 300,000 tons per year for 2005 and 2006 from Central Coal Company. This "Delta" coal will ship via truck to the Kanawha River and will deliver into CR at [redacted] $/MMBTU. We also purchased 360,000 and 180,000 tons of "Delta" coal for 2005 and 2006 from Massey Energy. This coal will be rail-delivered to the Ohio River, and it will deliver into CR at [redacted] $/MMBTU.

Explanation:

- We have had previous experience with both of these suppliers and are very satisfied they will meet or exceed the specifications bid.

DOMESTIC RAIL

Choices:

- We purchased "Delta" coal from two companies and "Alpha" coal from three others. We have previous experience with three of the suppliers and have added two new companies.

  "DELTA COAL"

  We purchased 360,000 for 2005 and 180,000 tons for 2006 from Massey Energy. This coal will deliver into CR at [redacted] $/MMBTU. We also purchased 360,000 each year from Progress Fuels-Marketing and Trading. This product will deliver into CR at [redacted] $/MMBTU.

  "ALPHA COAL"

  We purchased 720,000 tons for 2005 and 360,000 for 2006 from Massey Energy. This coal will deliver into CR at [redacted] $/MMBTU. We purchased 120,000 tons for 2005 and 240,000 tons for 2006 from Sequoia Energy LLC. This coal will deliver into CR at [redacted] $/MMBTU. Also, we purchased 240,000 tons for each year (2005 and 2006) from B&W Resources. This coal will deliver into CR at [redacted] $/MMBTU.

Explanation:

- Massey Energy has been a consistently reliable supplier over the past 20 years. Progress Fuels-Marketing & Trading has very good quality coal and a reliable track record. Because of the shortage of coals in the Central Appalachian region, we felt it imperative to add to our base of suppliers. Both Sequoia Energy and B&W Resources will fulfill this need. Prior to contracting with them we had our field representative visit their mining operations, and we called other utility buyers to verify their performance. No problems were noted in either case.

2004 RE-OPENERS

We have only one contract with a re-opener during 2004. Consol Energy (Consol) has a price, quantity, and terms re-opener, which needs to be completed by November 1, 2004. We have already had several discussions with Consol regarding tonnage for next year. Current estimates are that they will have 750,000 to 1 million tons to offer. The current contract is for 1 million tons.

SUMMARY OF 2005 and 2006 PURCHASES

We anticipate a burn of 2.3 million tons for Crystal River Units 1 and 2 for both 2005 and 2006 and 4.3 and 4.4 million tons for Crystal River Units 4 and 5 for 2005 and 2006, respectively. The total burn is estimated at 6.6 million tons for 2005 and 6.7 million tons for 2006.

Our CR 1 & 2 open position for 2005 is approximately 330,000 tons, while it is 1.9 million tons for 2006; and it will be delivered 100 percent via rail.

Regarding Crystal River Units 4 and 5, our open position for 2005 is approximately 230,000 tons and approximately 920,000 tons for 2006. We will deliver 2.3 million tons via barge each year and 2.0-2.1 million tons by rail.

We will continue to fulfill the open positions from the spot and contract markets.

I would like to schedule a meeting with you at your earliest convenience to discuss the details of this report and answer any questions you may have.

A. W. Pitcher

AWP/ro

Attachments

cc/att: Rufus Jackson
Kyle Crake

PROGRESS FUELS CORPORATION

Attachment A

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

++++++++ *CORRECTED COPY* ++++++++

Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
'05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]	[redacted]	[redacted]	[redacted]
'05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]	[redacted]	[redacted]	[redacted]
/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]	[redacted]	[redacted]	[redacted]
/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]	[redacted]	[redacted]	[redacted]
05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]	[redacted]	[redacted]	[redacted]
05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]	[redacted]	[redacted]	[redacted]
'05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]	[redacted]		[redacted]
05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]	[redacted]	[redacted]	[redacted]
	Total Tons	4320	2460	1860								SO2	[redacted]			

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

Attachment A

Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]			
/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]			
/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]			
05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]			
05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]			
05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]			
05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]			
05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]			
	Total Tons	5040	2820	2220								SO2	[redacted]			

SUPPLY ASSESSMENT
"ALPHA" RAIL

Corrected

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900,000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	840,000	
Total Existing & New	1,980,000	840,000	
Total Open Position	**329,000**	**1,417,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	840,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,417,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	37.2%	
% Total contract to delivery	85.8%	37.2%	
% Potential spot or additional contract to requirement	14.2%	62.8%	

Notes:
(1) **BOLD** denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn projections

SUPPLY ASSESSMENT
"ALPHA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900,000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	360,000	
Total Existing & New	1,980,000	360,000	
Total Open Position	**329,000**	**1,897,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	360,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,897,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	16.0%	
% Total contract to delivery	85.8%	16.0%	
% Potential spot or additional contract to requirement	14.2%	84.0%	

Notes:
(1) **BOLD** denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn projections

SUPPLY ASSESSMENT
"DELTA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	4,311,000	4,390,000	
Minus Water Delivered Coal	2,300,000	2,300,000	
Equals Net Rail "D" Deliveries	2,011,000	2,090,000	
Existing contracts:			
CAM-Kentucky LLC	500,000	200,000	
Alliance Coal LLC	600,000	600,000	
Total Existing Contracts	1,100,000	800,000	
Open Position	**911,000**	**1,290,000**	(1)
New Contract Suppliers:			(2)
Massey Energy	360,000	180,000	
Progress Fuels Marketing & Trading	360,000	360,000	
Total New Contracts	720,000	540,000	
Total Existing & New	1,820,000	1,340,000	
Total Open Position	**191,000**	**750,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
A.T. Massey	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,820,000	1,340,000	
Potential Spot or Additional Contract Purchases:	**191,000**	**750,000**	
Allocation:			
% Existing contracts to delivery	54.7%	38.3%	
% New contracts to delivery	35.8%	25.8%	
% Total contract to delivery	90.5%	64.1%	
% Potential spot or additional contract to requirement	9.5%	35.9%	

Notes:
(1) **BOLD** denotes open position.
(2) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn requirements

SUPPLY ASSESSMENT
"DELTA" WATER

	2005	2006	Notes
PROJECTED WATER DELIVERY	2,300,000	2,300,000	
Existing contracts:			
Guasare #1 (Venezuelan)	150,000	0	
Guasare #2 (Venezuelan)	650,000	650,000	(2)
Drummond (Colombian)	800,000	1,000,000	
Total Existing Contracts	1,600,000	1,650,000	
Open Position	**700,000**	**650,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	360,000	180,000	
Central Coal	300,000	300,000	
Total New Contracts	660,000	480,000	
Total Existing & New	2,260,000	2,130,000	
Total Open Position	**40,000**	**170,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
Central Coal	0	0	
Keystone	0	0	
A.T. Massey	0	0	
Peabody PRB coal	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	2,260,000	2,130,000	
Potential Spot or Additional Contract Purchases:	**40,000**	**170,000**	
Allocation:			
% Existing contracts to delivery	69.6%	71.7%	
% New contracts to delivery	28.7%	20.9%	
% Total contract to delivery	98.3%	92.6%	
% Potential spot or additional contract to requirement	1.7%	7.4%	

Notes:
(1) **BOLD** denotes open position.
(2) The Guasare contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS

Workpapers Only

rm	Origin	(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
05	PRB/Cora	504	[redacted]	504	[redacted]	0	[redacted]	0	[redacted]	0	5.64%	0.30%	8,800	26.70%	31.65%	51	0.68	[redacted]	[redacted]	[redacted]	[redacted]
07	Barge Cahokia	1500		500		500		500		0	4.00%	0.38%	9,350	22.36%	31.26%	61	0.80				
12/07	Thunder Basin	1500		500		500		500		0	5.50%	0.30%	8,800	28.00%	30.78%	50	0.68				
5	PRB N. Rochelle	1000		1000		0		0		0	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80				
07	PRB-Buckskin	3000		1000		1000		1000		0	5.50%	0.34%	8,400	30.00%	31.00%	65	0.80				
07	PRB N. Rochelle	3000		1000		1000		1000		0	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80				
07	Antelope	900		300		300		300		0	5.50%	0.27%	8,900	28.00%	30.00%	56	0.60				
07	Barge Cahokia	1000		200		400		400		0	5.00%	0.59%	9,963	13.22%	30.75%	61	1.18				
08	Colorado	1550		50		500		500		500	12.00%	0.72%	11,900	9.00%	31.00%	50	1.20				
	Total Western	13954		5054		4200		4200		500											
	NS-Sydney	600		600		0		0		0	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20				
2/06	Winifred Dock	600		300		300		0		0	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20				
	Bandmill	720		720		0		0		0	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20				
7	Diamond May	1080		360		360		360		0	12.00%	0.75%	12,500	8.00%	32.00%	43	1.20				
	FOB Ceredo	720		720		0		0		0	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20				
	Sydney-Ceredo	600		600		0		0		0	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20				
7	MC Mining	900		150		150		600		0	10.00%	0.74%	12,300	9.00%	32.00%	39	1.20				
	Total Cent App	5220		3450		810		960		0											
	Colombia-Mobile	1000		0		0		1000		0	5.50%	0.70%	11,700	14.00%	31.00%	43	1.20				
	Colombia-Mobile	200		200		0		0		0	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20				
5	Colombia-IMT	150		150		0		0		0	9.00%	0.69%	12,000	10.00%	34.00%	46	1.15				
	Colombia-ECT	200		200		0		0		0	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20				
	Colombia-IMT	150		150		0		0		0	8.00%	0.75%	12,400	9.00%	35.00%	46	1.20				
7	Pasa Diablo - IMT	990		330		330		330		0	7.00%	0.77%	12,800	8.00%	34.00%	45	1.20				
7	Mina Norte-IMT	700		200		250		250		0	8.00%	0.78%	13,000	8.00%	31.00%	45	1.20				
	Total Foreign	3390		1230		580		1580		0											

		Ash	Sulfur	Btu	Moisture	Vol	HGI
Total Tons	22564	10.00%	0.70%	12,000	8.00%	31.00%	40

	9734	877	5590	403	6740	406	500	SO2 $ [redacted]

PROGRESS FUELS CORPORATION

Workpapers Only

CR 1 and 2
May 2004
Solicitation
ALL BIDS

Origin	(000) Total Tons	2005 Tons	2006 Tons	2007 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
CSX BS	720	720	0	0	12.50%	1.27%	12,100	8.00%	31.00%	42	2.10	[redacted]			
CSX Jellico	720	240	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	2.00				
SX Clinchfield	500	250	250	0	13.00%	1.31%	12,500	7.00%	29.00%	50	2.10				
CSX Kan	720	720	0	0	12.50%	1.27%	12,100	8.00%	30.00%	42	2.10				
CSX BS	720	240	240	240	12.00%	1.32%	12,500	8.00%	32.00%	42	2.10				
CSX Harlan	600	120	240	240	10.00%	1.34%	12,700	8.00%	31.00%	42	2.10				
SX-Evergreen	1500	500	500	500	13.00%	1.29%	12,300	8.00%	31.00%	45	2.10				
CSX-Kan	480	240	240	0	12.00%	0.99%	12,300	8.00%	32.00%	45	1.60				
lombia-Mobile	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34				
CSX Kan	1080	360	360	360	13.00%	1.00%	12,500	8.00%	30.00%	42	1.60				
olombia-ECT	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34				
CSX Kan	720	240	240	240	13.50%	1.28%	12,200	6.70%	30.00%	40	2.10				
SX Haz- Typo	1500	500	500	500	13.00%	1.27%	12,100	8.00%	31.00%	42	2.10				
CSX Kan	240	240	0	0	13.00%	1.26%	12,000	8.00%	31.00%	42	2.10				

al Tons	10300

CR 12 Economics Base Specifications

Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

[redacted]

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES

2005-2006

Attachment C

pe	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M
5)	1/04-12/05	Pasa Diablo - IMT	650	650	0	7.00%	0.77%	12,800	8.00%	34.00%	45		1.20				
5)	1/04-12/05	Mina Norte-IMT	150	150	0	8.00%	0.78%	13,000	8.00%	31.00%	45		1.20				
5)	1/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20				
5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20				
5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20				
5)	1/04-12/06	CSX BS	700	500	200	11.00%	0.75%	12,500	8.00%	31.00%	42		1.20				
5)	1/02-12/06	MC Mining	600	600	0	10.00%	0.74%	12,300	9.00%	32.00%	39		1.20				
5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20				
5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20				
2)	ends 3/05	CSX BS	150	150	0	12.00%	1.31%	12,500	7.00%	33.00%	45	1.50	2.10				
2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10				
2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10				
2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00				
2)	1/05-12/05	CSX BS	750	750	0	10.00%	1.35%	12,800	8.00%	32.00%	42	1.50	2.10				
		Total Tons	9120	6060	3060								SO2				

s reopener for 2006

(2)Consol Reopener Pricing is estimated

Pitcher, Al (PFC)

From: Crake, Kyle on behalf of Crake, Kyle (Energy)
Sent: Thursday, May 20, 2004 7:52 AM
To: Pitcher, Al (PFC)
Subject: RE: Memo to Kyle

Approved

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Tuesday, May 18, 2004 8:27 AM
To: Crake, Kyle
Subject: FW: Memo to Kyle

As requested.

Al Pitcher

-----Original Message-----
From: Ott, Robin (PFC)
Sent: Tuesday, May 18, 2004 8:19 AM
To: Pitcher, Al (PFC)
Subject: Memo to Kyle

Robin Ott
Progress Fuels Corporation
One Progress Plaza, BT10C
200 Central Avenue
St. Petersburg, FL 33701
Phone No. 727-824-6670
Fax No. 727-824-6601
E-mail Address: robin.ott@progressfuels.com

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation	BT10E	727/824-6692
Office	MAC	Phone No.

SUBJECT: COAL PURCHASE AUTHORIZATION

TO: Kyle Crake **DATE:** May 17, 2004

We have evaluated the bids received in response to our April 12, 2004, Request for Proposals. Preliminary discussions have been conducted with several suppliers. Based upon these discussions, I request permission to purchase the following coals.

Crystal River Units 1 & 2

	Year 2005	Year 2006
Sequoia Energy LLC/Black Gold, LLC		
Tons	120,000	240,000
$/Ton of Coal	[redacted]	[redacted]
¢/MMBtu Delivered		
Massey		
Tons	720,000	N/A
$/Ton	[redacted]	N/A
¢/MMBtu Delivered		N/A

Crystal River Units 4 & 5

Rail Coals	Year 2005	Year 2006
Massey Utility Sales Company		
Tons	720,000	N/A
$/Ton of Coal	[redacted]	N/A
¢/MMBtu Delivered		N/A
Progress Fuels		
Tons	360,000	360,000
$/Ton	[redacted]	[redacted]
¢/MMBtu Delivered		
Water Coals		
Central Coal Company		
Tons	300,000	300,000
$/Ton of Coal	[redacted]	[redacted]
¢/MMBtu Delivered		

Additional coals will be required and on-going information gathering is taking place. Prior to other coals being purchased, I will submit a formal request.

A. W. Pitcher

AWP/ro

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FREDERICK J. MURRELL PRESIDENT ADARO ENVIROCOAL AMERICAS 1401 MANATEE AVENUE WEST, SUITE 910 BRADENTON, FLORIDA 34205 PHONE NO.: 941/747-2630 FAX NO.: 941/747-8081	LETTER OF DECLINE		
MR. MICHAEL F. MORAN DIRECTOR - MARKETING AEP ENERGY SERVICES, INC. 11622 CHESTNUT HILL DRIVE MATTHEWS, NORTH CAROLINA 28105 PHONE NO.: 704/846-8248 FAX NO.: 704/844-0569			
MR. JOHN W. TANNER VICE PRESIDENT, SALES ALLIANCE COAL SALES CORPORATION 5000 SAILWIND CIRCLE ORLANDO, FLORIDA 32810 PHONE NO.: 407/523-9797 FAX NO.: 407/523-7870	OFFER SUBMITTED VIA E-MAIL		
MR. L. ELLIS DUSENBURY VICE PRESIDENT ALPHA COAL SALES 9300 HARRIS CORNERS PARKWAY, SUITE 210 CHARLOTTE, NORTH CAROLINA 28269 UNITED STATES OF AMERICA PHONE NO.: 704/596-9253 FAX NO.: 704/598-8115			
MR. ERNIE L. THRASHER PRESIDENT AMCI EXPORT CORPORATION ONE ENERGY PLACE, SUITE 2000 LATROBE, PENNSYLVANIA 15650 PHONE NO.: 724/537-2444 FAX NO.: 724/537-2382			
MR. ANDREW W. COX VICE PRESIDENT AMVEST COAL SALES, INC. POST OFFICE BOX 5347 CHARLOTTESVILLE, VIRGINIA 22905 PHONE NO.: 434/972-7754 FAX NO.: 434/295-3203			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DAVID E. LONG PRESIDENT APEX COAL SALES SIX MOUNTAIN MEADOWS CHAPMANVILLE, WEST VIRGINIA 25508 UNITED STATES OF AMERICA PHONE NO.: 304/752-2365 FAX NO.: 304/752-5769			
MR. JOHN C. SMITH PRESIDENT APPALACHIAN FUELS, LLC 1500 NORTH BIG RUN ROAD ASHLAND, KENTUCKY 41102 PHONE NO.: 606/923-5890 FAX NO.:			
MR. KEN HODAK REGIONAL VICE PRESIDENT, SOUTHEAST ARCH COAL, INC. CITYPLACE ONE, SUITE 300 ST. LOUIS, MISSOURI 63141 PHONE NO.: 314/994-2842 FAX NO.: 314/994-2719	1 BID	TITLE CHANGED TO: SENIOR VICE PRESIDENT–REGIONAL SALES	
MR. VICTOR I. VALENZUELA MARKETING MANAGER - AMERICAS BHP BILLITON ENERGY COAL VESPUCIO SUR 100, PISO 7, LAS CONDES SANTIAGO, CHILE SOUTH AMERICA PHONE NO.: 011-56-2-330-5981 FAX NO.: 011-56-2-330-5418			
MR. DAN HENDRICKSON BLACK GOLD, LLC 410 WINTERHAM DRIVE ABINGDON, VIRGINIA 24211 PHONE NO.: (276) 623-8336 FAX NO.: (276) 619-2499			
MR. DON E. CAIN PRESIDENT C/C CHEMICAL & COKE COMPANY 3177 MARIA DRIVE LEXINGTON, KENTUCKY 40516 PHONE NO.: FAX NO.:			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MIKE GOFF MANAGER, EASTERN COAL SALES CENTRAL APPALACHIAN MINING 116 MAIN STREET P.O. BOX 1169 PIKEVILLE, KENTUCKY 41502 PHONE NO.: 606/432-3900 EXT. 306 FAX NO.: 606/432-0031			
MR. STEVE HERSHBERGER CENTRAL COAL AND COKE, INC. POST OFFICE BOX 80092 INDIANAPOLIS, INDIANA 46280 PHONE NO.: 317/841-7733 FAX NO.: 317/841-9180			
MR. CLARK WISMAN DIRECTOR OF MARKETING & SALES CENTRAL COAL COMPANY 148 BRISTOL EAST ROAD BRISTOL, VIRGINIA 24202 UNITED STATES OF AMERICA PHONE NO.: 276/669-8599 FAX NO.: (276) 669-3543	1 BID		
MR. FRANCISCO J. GARCIA MARKETING MANAGER CMC - COAL MARKETING COMPANY LTD. CARRERA 54 # 72-80, P.20 BARRANQUILLA, COLOMBIA SOUTH AMERICA PHONE NO.: 011-57-5-350-2123 FAX NO.: 011-57-5-350-2475	2 BIDS		
MR. GREG JORDAN VICE PRESIDENT, SALES COAL ENERGY RESOURCES INC. POST OFFICE BOX 2043 ABINGDON, VIRGINIA 24210 PHONE NO.: 540/676-3101 FAX NO.: 540/676-3068			
MR. SAM BROVERMAN PRESIDENT COAL SOURCING AND SALES, INC. DRAWER 1878 LEWISBURG, WEST VIRGINIA 24901 UNITED STATES OF AMERICA PHONE NO.: 304/645-5950 FAX NO.: 304/645-5009			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT H. SCOTT COMMONWEALTH COAL SALES, L.C. 5413 PATTERSON AVENUE, SUITE 205 RICHMOND, VIRGINIA 23226 PHONE NO.: 804/282-9826 FAX NO.: 804/282-9836			
MR. ALAN WEED COMPLIANCE HOLDING COMPANY, INC. POST OFFICE BOX 727 BENTON, ILLINOIS 62812 PHONE NO.: FAX NO.: 618/435-5676			
MR. DENNIS P. DUFFY GENERAL SALES MANAGER CONSOL ENERGY INC. 3330 CUMBERLAND BOULEVARD, SUITE 440 ATLANTA, GA 30339 UNITED STATES OF AMERICA PHONE NO.: 770/951-2625 FAX NO.: 770/951-0601	LETTER OF DECLINE		
MR. JOHN SEIBEL CONONA RESOURCES 176 BARNWOOD DRIVE EDGEWOOD, KENTUCKY 41017 PHONE NO.: 859/426-1375 FAX NO.: 859/426-7295			
MR. CHARLES R. REASOR VICE PRESIDENT, SALES CUMBERLAND RIVER ENERGIES, INC. 1659 OAK CREST COURT MARIETTA, GEORGIA 30066 PHONE NO.: 770/977-3177 FAX NO.: 770/977-3177			
MR. D. TATE RICH VICE PRESIDENT DELTA COALS, INC. CAVALIER BUILDING, SUITE 404 95 WHITE BRIDGE ROAD NASHVILLE, TENNESSEE 37205 PHONE NO.: 615/352-5484 FAX NO.:			
MR. DOUGLAS C. YOUNG SENIOR FUELS TRADER DOMINION ENERGY POST OFFICE BOX 25593 RICHMOND, VIRGINIA 23260 PHONE NO.: 804/787-5779 FAX NO.: 804/787-6482			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DENNIS J. STEUL DIRECTOR, NORTH AMERICAN SALES DRUMMOND COAL SALES, INC. 530 BEACON PKWY. W., STE. 800 BIRMINGHAM, ALABAMA 35209 PHONE NO.: 205/945-6411 FAX NO.: 205/945-6440	1 BID	SUBMITTED BY GEORGE E. WILBANKS, ATTORNEY IN FACT, INTEROCEAN COAL SALES	NO CHANGE IN CONTACT INFORMATION
MR. ROLANDO SANZ-GUERRERO DIRECTOR OF SALES, DTECS DTE ENERGY 425 SOUTH MAIN STREET, SUITE 201 ANN ARBOR, MICHIGAN 48104 PHONE NO.: (734) 913-5877 FAX NO.: (734) 994-5849	3 BIDS		
MR. RONALD L. WHALEN EAST RIVER COAL COMPANY POST OFFICE BOX 1451 BLUEFIELD, WEST VIRGINIA 24701 PHONE NO.: 304/327-2596 FAX NO.: 304/325-3708			
MR. STEVEN E. WEBER EMERALD INTERNATIONAL CORPORATION 6895 BURLINGTON PIKE FLORENCE, KENTUCKY 41042 PHONE NO.: 859/525-2522 FAX NO.: 859/525-4052			
MR. ROBERT LEWIS ENERGY CONSULTING, INC. 7212 KINGSTON PIKE KNOXVILLE, TENNESSEE 37919 PHONE NO.: 865/584-9200 FAX NO.: 865/588-2988			RETURNED TO SENDER—NOT DELIVERABLE AS ADDRESSED; UNABLE TO FORWARD
MR. THOMAS HIEMSTRA EVOLUTION MARKETS LLC 65 BROADWAY, FIFTH FLOOR NEW YORK, NEW YORK 10006 PHONE NO.: FAX NO.:			ADDRESS CHANGED TO: 10 BANK STREET WHITE PLAINS, NY 10606-1933
MR. GEORGE F. WILLIAMS SALES MANAGER GARLAND COAL COMPANY 300 FOREST PARK BOULEVARD POST OFFICE BOX 10288 KNOXVILLE, TENNESSEE 37939-0288 PHONE NO.: 423/588-9711 FAX NO.: 423/588-7130			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN MCCONAGHY TRADER GLENCORE LTD. THREE STAMFORD PLAZA 301 TRESSER BOULEVARD STAMFORD, CONNECTICUT 06901-3244 PHONE NO.: 203/328-4958 FAX NO.: 203/978-2630	2 BIDS		
MR. ELADIO BUENO CHIEF EXECUTIVE OFFICER GUASARE COAL INTERNATIONAL LINCOLN HOUSE 137 - 143 HAMMERSMITH ROAD LONDON W14 0QL UNITED KINGDOM PHONE NO.: 44 207 471 3806 FAX NO.: 44 207 471 3809	2 BIDS		
MR. TIMOTHY MONSON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 4509 OLDE BRIDGE COURT LEXINGTON, KENTUCKY 40513 PHONE NO.: 859/219-1250 FAX NO.: 859/219-2031			
MR. BUD RUNYON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 401 EDGEWOOD ROAD HURRICANE, WEST VIRGINIA 25526 PHONE NO.: 606/920-7777 (KY) 304/562-3320 (WV) FAX NO.: 606/920-7788 (KY)			
MR. THOMAS A. MCQUADE PRESIDENT INFINITY COAL SALES 3315 SPRINGBANK LANE, SUITE 106 CHARLOTTE, NORTH CAROLINA 28226 PHONE NO.: 704/542-4100, EXT. 11 FAX NO.: 704/542-4107			
MR. KEVIN MCEVOY GENERAL MANAGER INTEGRITY COAL SALES, INC. 490 WHEELER ROAD, SUITE 165M HAUPPAUGE, NEW YORK 11788 PHONE NO.: 631/582-6340 FAX NO.: 631/582-6364			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARCEL L. J. VAN DEN BERG INTER-AMERICAN COAL, INC. 5016 DORSEY HALL DRIVE, SUITE 202 ELLICOTT CITY, MARYLAND 21042 PHONE NO.: 410/730-6800 FAX NO.: 410/997-6842			
MR. MARK DOOLEY EXECUTIVE VICE PRESIDENT & COO JAMES RIVER COAL SALES, INC. 901 EAST BYRD STREET, SUITE 1600 RICHMOND, VIRGINIA 23219-4080 PHONE NO.: 804/780-3003 FAX NO.: 804/649-9319			
MR. RODNEY L. CAMP GENERAL MANAGER, MARKETING JIM WALTER RESOURCES, INC. POST OFFICE BOX 133 BROOKWOOD, ALABAMA 35444 PHONE NO.: 205/554-6230 (TUSCALOOSA) FAX NO.: 205/554-6161 (TUSCALOOSA)			
MR. J. MICHAEL E. KELLEY DIRECTOR, TRADING & DIRECT SALES KENNECOTT ENERGY COMPANY 505 SOUTH GILLETTE AVENUE GILLETTE, WYOMING 82716 PHONE NO.: 307/687-6045 FAX NO.: 307/687-6015			
MR. JAMES R. "KENNY" GILLUM EXECUTIVE VICE PRESIDENT KENTUCKY CUMBERLAND COAL COMPANY POST OFFICE BOX 151 403 N. TENNESSEE AVE., SUITE 1 LAFOLLETTE, TENNESSEE 37766 PHONE NO.: 423/562-4799 FAX NO.: 423/566-5646			
MR. ED LANE VICE PRESIDENT, MARKETING KERR-MCGEE COAL CORPORATION POST OFFICE BOX 25861 OKLAHOMA CITY, OKLAHOMA 73125 PHONE NO.: 405/270-3964 FAX NO.: 405/270-2967			RETURNED TO SENDER—NO LONGER AT ADDRESS
MR. EARL ROOP VICE PRESIDENT, SALES KNOTT FLOYD LAND COMPANY, INC. POST OFFICE BOX 2765 PIKEVILLE, KENTUCKY 41502 PHONE NO.: 606/874-9003 FAX NO.: 606/874-1261			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT NELSON DIRECTOR, COAL ORIGINATION KOCH CARBON LLC 20 EAST GREENWAY PLAZA, 8TH FLOOR HOUSTON, TEXAS 77046-2002 PHONE NO.: 713/544-5031 FAX NO.: 713/544-6052			
MR. GENE MITCHELL KOCH CARBON, INC. 632 OVERHILL ROAD ARDMORE, PENNSYLVANIA 19003 PHONE NO.: FAX NO.:			
MR. JOHN BARNARD VICE PRESIDENT LAFAYETTE COAL COMPANY 5600 EXECUTIVE CENTER DRIVE, SUITE 113 CHARLOTTE, NORTH CAROLINA 28212 PHONE NO.: 704/536-5698 FAX NO.: 704/536-8045			
MS. MARY EILEEN O'KEEFE PRESIDENT LAKE SHORE INTERNATIONAL, LTD. 1362 NORTH STATE PARKWAY CHICAGO, ILLINOIS 60610 PHONE NO.: 312/482-9701 FAX NO.: 312/482-9703			
MR. PAUL GREER REGIONAL SALES MANAGER LAKEWAY FUEL CORPORATION ONE KING JAMES SOUTH, SUITE 118 24700 CENTER RIDGE ROAD CLEVELAND, OHIO 44145 PHONE NO.: 404/835-2990 FAX NO.: 404/835-3027			
MR. CHRIS RATLIFF LANDMARK MINING COMPANY, INC. 159 MAIN STREET SHELBIANA, KENTUCKY 41562 PHONE NO.: 606/639-4346 FAX NO.: 606/639-9348			
MR. STEVE MELTON DIRECTOR, UTILITY & INDUSTRIAL SALES LOGAN & KANAWHA COAL CO., INC. P.O. BOX 18370 SOUTH CHARLESTON, WEST VIRGINIA 25303 UNITED STATES OF AMERICA PHONE NO.: 304/746-4014 FAX NO.: 304/746-4470			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN R. PARKER SENIOR VICE PRESIDENT MASSEY COAL SALES COMPANY, INC. FOUR NORTH FOURTH STREET RICHMOND, VIRGINIA 23219 UNITED STATES OF AMERICA PHONE NO.: 804/782-1678 FAX NO.: 804/788-1811	2 BIDS		
MR. JOHN R. BAKER, JR. MCWANE COAL SALES, INC. 1927 FIRST AVE. N., SUITE 900 BIRMINGHAM, ALABAMA 35203 PHONE NO.: 205/323-2400 FAX NO.:			RETURNED TO SENDER— FORWARDING TIME EXPIRED
MR. ROCCO D. PRICHINELLO DEPARTMENT MANAGER, COAL, IRON ORE & FERRO MITSUBISHI INTERNATIONAL CORPORATION 520 MADISON AVENUE NEW YORK, NEW YORK 10022 PHONE NO.: 212/605-2304 FAX NO.: 212/605-1935			
MR. MATT INAMURO MANAGER FERROUS RAW MATERIALS & COAL DEPT. STEEL AND COAL DIVISION MITSUI & COMPANY 200 PARK AVENUE, 36TH FLOOR NEW YORK, NEW YORK 10166-0130 PHONE NO.: 212/878-4117 FAX NO.: 212/878-4150			
MR. JOHN A. COLLINS PRESIDENT OAK HILL COAL CORPORATION POST OFFICE BOX 723 264 OLD FLEMINGSBURG ROAD MOREHEAD, KENTUCKY 40351 UNITED STATES OF AMERICA PHONE NO.: 606/780-0824 FAX NO.: 606/780-0749			
MR. JAY BRUTON VICE PRESIDENT OF MID WEST SALES OXBOW CARBON & MINERALS, INC. 7901 SOUTH PARK PLAZA, SUITE 202 LITTLETON, COLORADO 80120 PHONE NO.: 303/795-0413 FAX NO.: 303/795-1524	1 BID		

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MS. BARBARA BUSBY VICE PRESIDENT, SALES PEABODY COALSALES COMPANY 701 MARKET STREET ST. LOUIS, MISSOURI 63101-1826 PHONE NO.: 314/342-7600 FAX NO.: 314/342-7609	1 BID		
MR. CECIL LEWIS PRESIDENT OF SALES PERRY COUNTY COAL CORPORATION POST OFFICE BOX 5001 HAZARD, KENTUCKY 41702 PHONE NO.: 606/439-1391 FAX NO.: 606/436-9113			
MR. J. MARK CAMPBELL PRESIDENT PEVLER COAL SALES COMPANY POST OFFICE BOX 3368 CHARLESTON, WEST VIRGINIA 25333 UNITED STATES OF AMERICA PHONE NO.: 304/345-1276 FAX NO.: 304/345-1278			
MR. SCOTT F. BROWN PRESIDENT PICKANDS MATHER COAL COMPANY 9717 CHILLICOTHE ROAD KIRTLAND, OHIO 44094 PHONE NO.: 440/256-7622 FAX NO.: 440/256-1998			
MS. NANCY JAMES PINCELLI & ASSOCIATES 2009 ALBERMARLE HIXSON, TENNESSEE 37343 PHONE NO.: FAX NO.:			
MR. JIM CAMPBELL PRESIDENT PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			
MR. RICK MEADE PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			

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COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DALE L. FENWICK POWDERHORN COAL COMPANY POST OFFICE BOX 1430 PALISADE, COLORADO 81526 PHONE NO.: FAX NO.:			
MR. JOSEPH B. JEFFERSON PROGRESS FUELS CORPORATION POST OFFICE BOX 308 CEREDO, WEST VIRGINIA 25507 PHONE NO.: 304/526-0757 FAX NO.: 304/453-6917	1 BID		
MR. JIM SOBERY PROJECT DEVELOPMENT - VP PS ENERGY GROUP INC. 2987 CLAIRMONT ROAD, SUITE 450 ATLANTA, GEORGIA 30329 PHONE NO.: 404/321-5711 FAX NO.: 404/321-3938			
MR. GENE MOWERY R&T COAL COMPANY, INC. 11852 KINGSTON PIKE KNOXVILLE, TENNESSEE 37922 PHONE NO.: FAX NO.:			
MR. KEN STACY RAPOCA ENERGY COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24201 PHONE NO.: FAX NO.:			
MR. ROBERT CHADWELL RB COAL COMPANY PATHFORK, KENTUCKY 40863 PHONE NO.: FAX NO.:			
MR. JIM LAFORCE RED RIVER COAL COMPANY, INC. POST OFFICE BOX 668 NORTON, VIRGINIA 24273 PHONE NO.: FAX NO.:			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DERON F. SAYLOR SAYLOR BROTHERS ENTERPRISES, INC. POST OFFICE BOX 127 COLDIRON, KENTUCKY 40819 PHONE NO.: 606/664-2961 FAX NO.:			
MR. JERRY COOKSEY SIGMON COAL COMPANY, INC. 549 LONDONDERRY ROAD CUMBERLAND GAP, TENNESSEE 37724 PHONE NO.: FAX NO.:			
MR. JOHN MCDONNELL VICE PRESIDENT, SALES SMOKY MOUNTAIN COAL CORP. 9725 COGDILL ROAD, SUITE 203 KNOXVILLE, TENNESSEE 37932 PHONE NO.: (865) 966-8222 , EXT. 2003 FAX NO.: (865) 777-3633			
MR. YURIY PIKSAYKIN RUSSIAN FAR EASTERN COAL TRADE COMPANY SOCRAT CO. LTD. 1309 MARSHALL STREET #406 REDWOOD CITY, CALIFORNIA 9406 PHONE NO.: 650/366-6930 FAX NO.: 650/366-6930			
MR. FRED A. BOWMAN VICE PRESIDENT, SALES SOLAR SOURCES 6755 SOUTH GRAY ROAD POST OFFICE BOX 47068 INDIANAPOLIS, INDIANA 46247-7068 PHONE NO.: 317/788-0084 FAX NO.: 317/787-0592			
MR. RALPH SHELTON PRESIDENT/CEO SOUTHEAST FUELS, INC. POST OFFICE BOX 4061 GREENSBORO, NORTH CAROLINA 27404 PHONE NO.: 336/854-1106 FAX NO.: 336/547-8720			
MR. PETE A. COFER VICE PRESIDENT SOUTHERN APPALACHIAN COAL SALES, INC. 9050B EXECUTIVE PARK DRIVE, SUITE 100 KNOXVILLE, TENNESSEE 37923-4616 PHONE NO.: 865/470-8595 FAX NO.: 865/470-8644			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARK CANON SOUTHERN COMPANY ENERGY MARKETING 1155 PERIMETER CENTER WEST ATLANTA, GEORGIA 30338 PHONE NO.: FAX NO.:			
MR. MARK JONES VICE PRESIDENT SSM PETOCKE LLC 10500 LITTLE PATUXENT PKWY., SUITE 510 9891 BROKENLAND PARKWAY COLUMBIA, MARYLAND 21044 PHONE NO.: 410/910-0634 FAX NO.: 410/910-0630			
MR. JOHN STAFFORD PRESIDENT STAFFORD ENERGY, INC. 1301 GREENUP AVENUE ASHLAND, KENTUCKY 41101-7526 PHONE NO.: 606/324-2625 FAX NO.: 606/326-9142			
MR. EDWARD L. BILLIPS MANAGER, CONTRACT ADMINISTRATION TECO COAL CORPORATION 200 ALLISON BOULEVARD CORBIN, KENTUCKY 40701 PHONE NO.: 606/523-4444 FAX NO.: 606/523-4490			
MR. STEVE ISAACS THOROUGHBRED COAL COMPANY POST OFFICE BOX 11188 LEXINGTON, KENTUCKY 40574 PHONE NO.: 859/381-8200 FAX NO.: 859/225-3535			
MR. KEVIN C. BURNS VICE PRESIDENT & GENERAL MANAGER TMT COAL COMPANY LLC 18800 WOODBURN ROAD LEESBURG, VIRGINIA 20175 PHONE NO.: 703/771-9191 FAX NO.: 703/779-2070			
MR. BILL ANDREWS PRESIDENT TRAIL ENERGY, INC. POST OFFICE BOX 220 GREENBACK, TENNESSEE 37742 PHONE NO.: 865/856-2859 FAX NO.: 865/983-5319			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK M. KOLOJESKI MANAGING DIRECTOR TRANSGLOBAL VENTURES CORPORATION 12000 LINCOLN DRIVE WEST, SUITE 108 MARLTON, NEW JERSEY 08053 PHONE NO.: 856/396-0808 FAX NO.: 856/396-0615			
MR. KEITH G. KLEISER GENERAL MANAGER TRANSMAR COAL, INC. POST OFFICE BOX 119 100 L. J. KOCH BOULEVARD SANTA CLAUS, INDIANA 47579 PHONE NO.: 812/937-4536 FAX NO.: 812/937-4639			
MR. ROBERT B. GABBARD VICE PRESIDENT TRITON COAL COMPANY, LLC ONE PARAGON CENTRE, SUITE 110 2525 HARRODSBURG ROAD LEXINGTON, KENTUCKY 40504 PHONE NO.: 859/223-8820 FAX NO.: 859/223-8744	2 BIDS		
MR. JOHN W. PIERCE MANAGER, COMMERCIAL SERVICES U. S. STEEL MINING COMPANY, LLC 600 GRANT STREET, SUITE 1880 PITTSBURGH, PENNSYLVANIA 15219-2749 PHONE NO.: 412/433-4611 FAX NO.: 412/433-5839			
MR. TRAVIS HUTTON SALES AGENT UNITED COAL COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24202 PHONE NO.: 540/466-0014 FAX NO.: 540/669-2671			
MR. DAN VAUGHN UNITED POWER, INC. 5801 LEDGESTONE DRIVE EVANSVILLE, INDIANA 47711 PHONE NO.: 812/473-5810 FAX NO.: 812/473-5813			
MR. BRUCE L. WASHBURN USS COAL SALES LLC 520 MAN O WAR DRIVE SEYMOUR, TENNESSEE 37865 PHONE NO.: 865/573-9632 FAX NO.: 865/609-8828			

RFP RESPONSE LIST
COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK HURTADO VICE PRESIDENT VENRO PETROLEUM CORPORATION 45 ROCKEFELLER PLAZA, SUITE 1600 630 FIFTH AVENUE NEW YORK, NEW YORK 10111 PHONE NO.: 212/969-1722 FAX NO.: 212/969-1729			
MR. JOHN W. GARSIDE, JR. WOODRUFF COAL COMPANY POST OFFICE BOX 50190 KALAMAZOO, MICHIGAN 49005 PHONE NO.: 616/343-5531 FAX NO.: 616/343-0404			
SUPPLIERS REQUESTING RFPS AFTER INITIAL MAILING OF SOLICITATION			
MR. RICHARD CLONCH 21129 GOLF ESTATES DRIVE LAYTONSVILLE, MARYLAND 20882 PHONE NO.: 240/687/2542 FAX NO.: 240/683/6770			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS
MR. WILLIAM E. MASSEY, JR. PRESIDENT COMPASS COAL SERVICES, LLC 808 MOOREFIELD PARK DR., STE. 206 RICHMOND, VIRGINIA 23236 PHONE NO.: 804/288/9500 FAX NO.: 804/288/9502			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS

12 COMPANIES RESPONDED WITH 19 BID(S)

1 COMPANY SUBMITTED THEIR OFFER VIA E-MAIL (CONSIDERED UNRESPONSIVE)

2 COMPANIES SENT A LETTER DECLINING TO BID

3 RFPS WERE RETURNED DUE TO FORWARDING ORDERS EXPIRED, ETC.

Progress Energy

April 12, 2004

COMPLIANCE COAL RFP
BID DEADLINE: MAY 12, 2004
TIME: 5PM EDT

Potential Supplier:

To place a portion of our requirements under contract for Progress Energy's *Crystal River Units Nos. 4 and 5*, Progress Fuels Corporation (PFC) is considering entering into a new coal supply agreement(s) beginning January 1, 2005. Accordingly, we prefer that you quote a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts during the following periods; however, lesser quantities will be considered (please quote each offer separately):

1. January 1, 2005 through December 31, 2005
2. January 1, 2005 through December 31, 2006
3. January 1, 2005 through December 31, 2007

The quality of all coals submitted should conform to the specifications listed on the attached bid form. *Coals not meeting a 1.2 LB/SO_2 maximum standard will not be considered.*

PFC prefers a price quote effective on the start date, which will be fixed for the first twelve months. For terms longer than twelve months, PFC will consider fixed and firm, adjusted and/or reopener(s) if term is three years. *All prices should be quoted either f.o.b. mine loading point for rail delivery and f.o.b. barge loading point for water delivery.* Your proposal for this business must be submitted in writing by 5 *PM EDT on* May 12, 2004, and should be valid and binding for a minimum of thirty (30) days from that date. PFC encourages offers that provide added value, including, but not limited to:

1. Annual tonnage flexibility (expressed as a percentage),
2. Unilateral extension option(s) for PFC,
3. Innovative pricing proposals.

In evaluating the submitted proposals, PFC will consider all relevant factors including an "as burned" bus bar analysis. However, the delivered cost per million Btu has been and will continue to be the factor with the strongest overall impact to the evaluation process. PFC encourages suppliers to quote their coals at the highest quality rating they feel they can comfortably maintain. All cost calculations will be based on guaranteed values rather than typical values expected. *Guaranteed values are expected to be met on a per shipment basis.* Negotiations of the remaining terms and conditions will be conducted with those suppliers making a "short list" based on delivered economics.

Due to our ability to deliver coal to Crystal River by both rail and ocean barge, PFC will consider both rail and water delivered origins of the submitted product. Those suppliers planning to ship by barge should indicate any dock preferences. (This would also apply to western USA coal suppliers.) Those suppliers planning to ship CSX rail direct must be capable of shipping 24 hours per day, 7 days per week, in 90-car unit train lots (PFC-owned or leased rapid discharge cars) and they must specify

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

loading time requirements and CSX rail district origin. ***Please do not attempt to secure domestic rail/barge rates as these are to be negotiated by PFC.***

Draft and narrow channel restrictions at the power plant receiving facility will not accommodate large deep-draft vessels. Therefore, foreign origin coals will require delivery through a New Orleans or Mobile area import terminal. Foreign origin coals should be quoted on a "CIF" basis in "Self-Discharging" vessels. Belted type vessels are preferred.

Proposals must be submitted by the date and time specified above in a sealed envelope clearly marked *"Term Contract Compliance Coal Quotation"* addressed to Mrs. Robin Ott at the address indicated on the attached bid form. **Note that bids submitted directly to me via e-mail or fax will not be considered. Proposals must include a completed copy of the attached bid form** (for multiple proposals, please copy the attached form and submit a separate form for each proposal) complete with *current and projected typical ash mineral analysis including minimum and maximum Na_2O (sodium oxide), typical ultimate analysis including maximum nitrogen and chlorine, sulfur forms, all reducing ash fusion points (average and minimum temperatures), and trace elements.* In some cases, where suppliers are quoting a blend of various seams of coal, the above requested quality data *must be provided for the blended product as well as the individual seams for all coals you would expect to ship on this business.* **Any extraneous information not included on the provided bid form will not be considered.**

Weighing and sampling and analysis will be done at the mine facility, loading dock or the power plant by a mutually agreeable independent testing company.

PFC reserves the right to waive informal technicalities or irregularities and reject any and all proposals for any reason PFC deems appropriate under the circumstances. PFC does not represent that it will accept the lowest bid or any other bid. In no event shall PFC be considered to have accepted any offer except and unless in an express written acceptance or contract signed by an officer of PFC.

Thank you for your attention to this *Request for Proposals*. If you have any questions or require further information regarding this invitation to quote, please contact me at 727/824-6692.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Attachment

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME:			
STREET ADDRESS:			
CONTACT:		TELEPHONE NO.	
MINE(S):	BOM DISTRICT:	COUNTY:	STATE:
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD: _____	
MAXIMUM LOADING CAPACITY: _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: ____ YES ____ NO		IMPORT COAL: LOAD PORT _____	
SHIP THROUGH: _____DOCK		LOAD RATE:: _____	
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: _____ TONS			
TYPE OF MINE: _____% DEEP	_____% STRIP	_____% AUGER	
SEAMS:	BLEND RATIOS:		
COAL PREPARATION: _____ RAW	_____ WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			
TYPE OF COAL SAMPLING:			
TYPE OF LABOR CONTRACT(S):	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING:	SCALE CERTIFIED? ____YES ____ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four):

SIGNATURE:	TITLE:	DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB		[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.	2,200 MIN.
VOLATILE %		[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %			-------	-------
HYDROGEN %			-------	-------
NITROGEN %			-------	-------
CHLORINE %			-------	-------
OXYGEN %			-------	-------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB		[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.	2,200 MIN.
VOLATILE %		[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %			———	———
HYDROGEN %			———	———
NITROGEN %			———	———
CHLORINE %			———	———
OXYGEN %			———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

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COAL & ENERGY

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Price Report

Market Commentary

South American coal might be available for the taking by U.S. utilities, according to sources, though some others would dispute that pretty hotly.

The burning question for those who choose to pursue such a route as the market continues to tighten remains: What impact will freight rates and low availability of

(Continued on page 4)

Eastern Rail OTC Coal *(12,500 Btu/lb.)*

Term	Vol	Price	Product	Sulfur
CY05	1T	$49.75	CSX-BS	< 1%
CY05	1T	$50.00	CSX-BS	< 1%
CY05	1T	$50.25	CSX-BS	< 1%
CY05	1T	$49.50	NS	< 1%

OTC NYMEX Coal *(12,000 Btu/lb., 1% sulfur)*

Term	Vol	Price	Bid	Offer
M04	5B		$51.50	$53.00
N04	5B		$53.50	$54.50
Q304	5B	$55.50	$54.50	$55.50
Q404	5B	$56.00	$54.50	$56.50
Q105	5B	$54.20	$54.00	$55.00
Q105	5B	$54.60		
Q205	5B		$51.00	$52.00
Q305	5B		$48.00	$49.00
CY05	5B		$50.25	$50.75
CY06	5B		$46.00	$47.00

OTC PRB 8800 at 0.8 lbs. SO2

Term	Vol	Price	Bid	Offer
M04	1T		$5.85	$6.15
N04	1T		$5.95	$6.25
Q304	1T		$6.00	$6.30
Q404	1T		$6.30	$6.60
Q105	2T	$6.85	$6.80	$7.10
Q205	1T		$7.05	$7.35
Q305	1T		$7.25	$7.55
CY05	1T		$7.10	$7.40
CY06	1T		$7.40	$7.70

OTC PRB 8400

Term	Vol	Price	Bid	Offer
M04	1T		$4.85	$5.15
N04	1T		$4.95	$5.25
Q304	1T		$5.00	$5.30
Q404	1T		$5.30	$5.60
Q105	1T		$5.80	$6.10
Q205	1T		$6.05	$6.35
Q305	1T		$6.25	$6.55
CY05	1T		$6.10	$6.40
CY06	1T		$6.40	$6.70

Even before recent rail problems: Central App stocks 60% normal in March

Notes from the Merrill Lynch Global Metals, Mining & Steel Conference...

Coal stockpiles in Central Appalachia were close to 30 days of burn for March, well below the nearly 50 days of normal burn for the month of March, according to Massey Energy Chairman Don Blankenship, who presented on behalf of has company.

Massey also expects more growth in export demand as coal supplies tighten, worldwide steel production remains strong, the impact of a weak U.S. dollar makes its presence felt and rapid economic growth continues in China and India.

High natural gas prices, the cold winter weather, improvement in the U.S. economy, and the much-discussed economic growth in China all have combined to bolster demand for Massey's Central Appalachian coal, Blankenship said. Massey expects coal fundamentals for Central Appalachia to remain strong for the near future.

Massey estimates that Chinese steam coal exports will decline from 76 millions tons in 2003 to 10 million tons in 2005. In addition, Massey management thinks Chinese coking coal exports will fall from 13 million tons in 2003 to zero in 2006. (Continued on page 2)

Hill Daily Index®

Quality	Hill Price	Hill Index	Last Trades
NYMEX Current Quarter, Plus One	$55.50	231.73	5/13/04
NYMEX Current Quarter, Plus Two	$56.00	233.82	5/13/04
NYMEX Next Calendar Year	$54.40	227.14	5/13/04
PRB 8,800 Current Quarter, Plus One	$6.10	136.77	5/6/04
PRB 8,800 Current Quarter, Plus Two	$6.40	143.50	5/11/04
PRB 8,800 Next Calendar Year	$6.85	153.59	5/13/04
PRB 8,400 Current Quarter, Plus One	$5.25	151.73	11/4/03
PRB 8,400 Current Quarter, Plus Two	$6.00	173.41	1/09/04
PRB 8,400 Next Calendar Year	$5.25	149.55	10/8/03
CSX <1% sulfur Current Quarter, Plus One	$58.10	223.46	5/10/04
CSX <1% sulfur Current Quarter, Plus Two	$58.25	224.04	5/11/04
CSX <1% sulfur Next Calendar Year	$49.88	191.85	5/13/04
CSX compliance Current Quarter, Plus One	$57.75	222.12	3/29/04
CSX compliance Next Calendar Year	$38.65	148.65	1/05/04
NS <1% sulfur Current Quarter, Plus One	$55.75	214.42	3/16/04
NS <1% sulfur Next Calendar Year	$49.50	190.35	5/13/04
NS compliance Current Quarter, Plus One	$54.50	209.62	5/7/04
NS compliance Next Calendar Year	$48.50	186.54	5/7/04

All prices are based exclusively on actual trades (no mid-market indicators are employed) and are indexed against market as of 12/28/99, when NYMEX-spec coal had been traded most recently at $23.95/ton, 8,800 Btu/lb. Powder River Basin coal at $4.46/ton and 8,400 Btu/lb. PRB coal at $3.46/ton. The eastern rail index is measured against an arbitrary price of $26.00/ton. "Hill Index" reflects weighted average of prices recorded on most recent trading day. On days when no trades occur, published index remains at previous level.

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Non-OTC Utility Current Coal Price Marker*

PRB	$/Ton
8,400 Btu/lb. FOB mine	$6.70 (Q2)
8,800 Btu/lb. FOB mine	$7.75 (Q2)
8,800 Btu/lb. premium sulfur FOB mine	$8.75 (Q2)
CENTRAL APPALACHIA	
12,500 Btu/lb. 1.2 lbs. SO2 FOB rail	$57.50 (CSX), $58.00 (NS)
12,500 Btu/lb. 1.6 lbs. SO2 FOB rail	$55.75 (CSX), $56.25 (NS)
12,000 Btu/lb. 2.0 lbs. SO2 FOB rail	$47.75 (CSX)
12,000 Btu/lb. 1.2 lbs. SO2 FOB barge	$53.25 (Big Sandy)
11,500 Btu/lb. 1.6 lbs. SO2 FOB barge	$51.75 (Big Sandy)
NORTHERN APPALACHIA	
13,200 Btu/lb. 2.5 lbs. SO2 FOB rail	$48.75
13,000 Btu/lb. 3.6 lbs. SO2 FOB barge	$42.00

NYMEX Futures

Term	Last	Open High	Open Low	Most Recent Settle	Prev. Day Total Volume
Natural Gas (Henry Hub)					
M04	6.525	0	0	6.480	0
N04	6.594	0	0	6.553	0
Crude Oil					
MO4	41.39	41.08	41.08	41.08	0
NO4	41.30	40.70	40.70	41.00	0

Emissions Markets Prices

	Ton Units
NOX OTC Allowances	
Vintage 2004 Bid/Ask	$2100 X $2700
Vintage 2005 Bid/Ask	$3000 X $3150
Vintage 2006 Bid/Ask	$2950 X $3000
SO2 OTC Allowances	
Vintage 2004 Bid/Ask	320 X 327

COAL & ENERGY
Price Report

Daily to your e-mail account at an annual rate of $950.00 (add $150.00 for fax service). Or subscribe today to get six months of Coal & Energy Price Report for $550.00 (add $75.00 for fax service).

Terms and Definitions: The information included in Coal & Energy Price Report is derived from conversations with a variety of industry sources and through other intelligence. Data represents our best estimates. The Daily Trading table on page one includes the number of trades made for NYMEX quality coal during the period shown, along with the weighted average price of the coal traded. The OTC price boxes show trades made the day previous to the report, along with updated estimates of current trader offers to buy or trade the particular quality of coal. The Utility Coal Price Marker is our estimate of the price to which producers are willing to bid their products to electric utility consumers. It does not necessarily coincide with trader pricing. In the OTC (Other Eastern Coals) block, rail coal trades and offers are presented by freight district. Barge coal trades and offers are presented by origin river.

Report intended for information purposes only, prepared based on information from sources believed reliable. Under no circumstances should it be considered an offer to sell or a solicitation to buy any commodity or investment. Opinion expressed is only a statement of our views based on information received. No guarantee of accuracy or completeness is made. Persons relying on this information do so at their sole risk. No liability shall be accepted by Energy Publishing, LLC or its employees. This report is the property of Energy Publishing, LLC. No reproduction or further circulation in whole or in part, is permitted without express written permission of Energy Publishing, LLC. All information is considered proprietary and confidential. All prices are for indicative purposes only.

Month Codes

JAN	FEB	MAR	APR	MAY	JUN
F	G	H	J	K	M
JUL	AUG	SEP	OCT	NOV	DEC
N	Q	U	V	X	Z

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Even before recent rail problems...

In general, the metallurgical coal market continues to be strong as demand for steel accelerates, coke-making capacity in North America, Brazil, Europe, and India increases, and met coal production problems persist in Australia, according to Blankenship.

Sales and availability positions of the publicly traded majors...

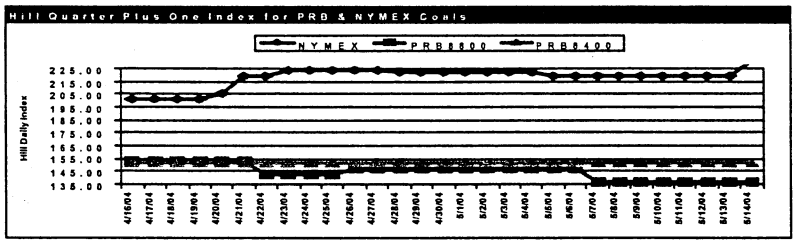
Peabody Energy has 5-10 million tons either committed and un-priced or uncommitted for 2004, 55-65 million tons for 2005, and 110-120 million tons for 2006, according to the company's brass. CEO Irl Engelhardt and CFO Rick Navarre represented Peabody at the event.

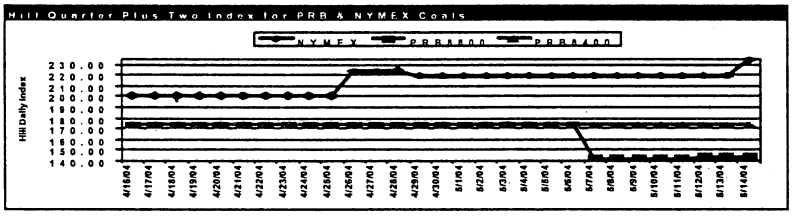
Arch Coal has un-priced about five percent for 2004, 35 percent for 2005, and 50 percent for 2006, CEO Steve Leer reported.

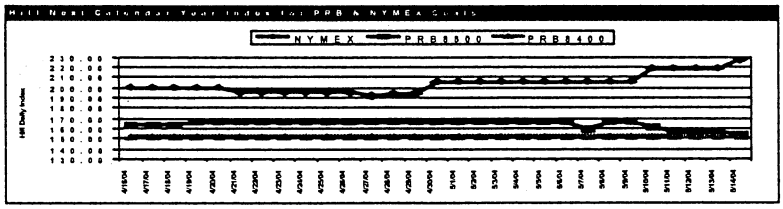
CONSOL currently is sold out of coal in 2004, and as of April 22 had 44 percent still uncommitted for 2005. The company's committed tonnage average price for 2005 is between $28.50/ and $28.90/ton, according to President and CEO J. Brett Harvey.

Massey is sold out for 2004 production, has approximately 20 percent available for 2005 and approximately 75 percent available for 2006. The company could increase production to 50 million tons in 2005 as it brings on 3 million tons of new surface mine capacity.

By the bye, the new Massey output might be delivered under existing steam coal contracts, freeing up coal that then could be sold into the metallurgical coal market. Right now, 23 percent of Massey sales are to steel producing companies and 12 percent of total sales represent exports.







OTC Broker Index

May 13, 2004

	NYMEX look-alike	CSX 12,500 -1% sulfur	PRB 8,400	PRB 8,800
Prompt Month	52.31	56.44	5.01	5.98
Prompt Quarter	55.13	57.88	5.15	6.14

Indices compiled courtesy of Argus Media, Inc.

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While there are indications Buchanan woes not lengthy, uncertainty exists

CONSOL Energy's geologic problems at the Buchanan mine might result in simply a brief nuisance for its operators, but then again...

"It could be trouble," a source, one of several who have speculated as to the severity of the problem, told Coal & Energy Price Report. "They ran into sandstone channels. They don't seem too overly concerned about it. It's not an uncommon occurrence. They seem to have a handle on it, but I don't know.

"You may think you understand it when you hit a sandstone channel, but you don't. If you pick the wrong direction, you might get a surprise. It might pinch out and then reappear."

Coking coal prices no longer on upswing, but neither have they fallen at all

The coal market is "still strong as can be," a top marketing official with one of the East's most prolific companies told Coal & Energy Price Report.

"The coking coal market remains very strong," the source said. "I think its stopped rising, but it certainly hasn't fallen any."

Suppliers with low- and mid-vol coals "could probably get on E-bay if they want to," the source said.

Given the fact that met coal is selling for $75-$85/ton, while steam coal is at $45-$55/ton, "that gap's got to narrow, it can't stay that way," the source said.

Either coking coal prices will fall or steam coal prices will rise, he said. It's safe to say that he expects the latter to occur, since he said the strong coking coal market "continues to next year."

The current situation with some Central Pennsylvania coals provides proof, according to the source, that steam coal prices will respond further to continued strength in the coking coal market. Raw coal from Pennsylvania that was being sold sort of hat in hand to local utilities now has been washed, and not for Sunday go to meeting.

"It became met coal, and the price just doubled," the source said.

Frenzied rush to coking coal market might have left some Asians with glut

The coking coal export bonanza enjoyed recently by U.S. suppliers might be drawing to a conclusion. A possible result of the foreigners' frenzied rush to market: The Asians bought more coal than they needed.

A myriad of problems suppliers to Asian consumers have faced, including transportation and mine issues, forced buyers to turn to U.S. suppliers for a considerable volume of coal recently.

"I hear they overbought," a source said. "That's based on what the future expectations are coming out of Australia and Canada. When you are in a panic mode and don't know how you will get it, you plan for the worst and overbuy."

Ý : With Australian and Canadian suppliers recovering in the coming months, a sharp downward trend in U.S. exports of coking coal could result.

"If the Canadians get their act together in the second half of the year, it will be sayonara," a source said. "You will see some new Australian coal in the second half. If nothing had gone wrong in 2004, Australia would have exported 5 (million) to 7 million tonnes more met coal. Whether they get to that number depends on how they do in the second half, but I assure you the tons will be there in 2005."

Logan Fork move nice victory for union but unlikely to set any new trends

The Peabody Energy Logan Fork operation's move to United Mine Workers representation probably isn't a harbinger of a trend, a source in Central Appalachia told Coal & Energy Price Report.

The operation was opened under a provision that enables a company to open a non-union mine on union property if the company hires union members for three out five positions.

"You've got a majority immediately," a source said. "It was a non-union mine opening on a union property. This isn't the union moving into some new frontier area."

The risk for the miners is that Logan Fork becomes maybe a prime candidate for closure should the market go south. That doesn't seem likely at the moment.

PRB transportation barriers make it chancy bet as eastern coal fireman

When tightness in the eastern coal market reaches its peak, buyers seeking new tonnage should not shift their attention to the Powder River Basin for any relief.

So say a number of industry sources, many of whom believe the opportunity to buy western coal will continue to be restricted by problems facing the overburdened railroads. The supply might be there, they argue, but reliability of delivery is at best questionable.

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PRB transportation barriers make it chancy...

"Anyone else that is looking at the PRB is probably going to be SOL," a buyer told Coal & Energy Price Report. "The railroads are definitely playing catch-up. Until more infrastructure is built, I think we are at the maximum of shipments from out there.

"Maybe there is a little more room, but right now they are doing their best to keep up with people who are under contract. There might be some people who will take business here and there and promise the moon, but I don't know (if they can deliver)."

So far, it seems, the railroads shipping PRB coal are making prompt deliveries into power plants in the Midwest and East. Several fuel buyers say they have not experienced problems with shipments, but some say they anticipate delays at some point.

A source said Georgia Power's Scherer generating station, for one, has had prompt deliveries.

"That movement is quite a big volume," the source said. "It's constantly monitored. Right now they are on schedule to meet the 13-plus million tons that go into the facility. They are on schedule, but that could change."

WV regulatory board slashes Massey fine on quick company response

The West Virginia Surface Mine Board slashed by more than 80 percent a fine levied against Massey Energy for a 2002 flood at its Bandmill Coal operation in Logan County. The board cited Massey's quick remediation of damages.

The SMB imposed a $22,500 fine, the lowest allowed by state law. The WV Department of Environmental Protection had proposed a $114,000 fine.

Massey had begun to restore the community of Lyburn, where the flood occurred, even before DEP officials arrived on the scene, according to Tom Michael, chairman of the SMB. Flooding from a sediment pond occurred after a three-hour rain.

Massey spent $2 million to repair damage, and Bob McLusky, a company attorney, told the SMB the town looks better than it did before the flood. More than a dozen homes were damaged.

One plus one equals two Buchanan longwalls, and Montana isn't Wyoming

For whatever reason, my errors always seem to come in pairs.

CONSOL Energy's Buchanan mine has two longwalls, which is why production has been impacted by 50 percent as a result of a sandstone intrusion. Duh. And Pittsburg & Midway's targeted property in the Powder River Basin is located in Wyoming. I regret the err of my ways and have sacked myself.

A 2nd consecutive day passes without any change in futures coal pricing

For the second consecutive day, settlements on the Central Appalachian Coal contract at the New York Mercantile Exchange were stagnant May 13.

Activity for June, July and August:

Month	Settle	Change
June	$51.50	---
July	$53.08	---
August	$52.58	---

The latest settlement prices...

Contract Month	Settlement Price
June 04	$51.50
July 04	$53.08
August 04	$52.58
September 2004	$53.33
Fourth Quarter 04	$54.75
First Quarter 05	$52.00
Second Quarter 05	$47.50

Market Commentary...

(Continued from Page 1)

vessels have on the decision-making process?

As eastern coal supplies dwindle and railroad service problems mount, consumers along the coast will look closer at Colombian and Venezuelan coals to receive by water. But this option isn't without its problems, buyers say.

"The availability is there," a buyer told Coal & Energy Price Report. "As far as South America, I haven't heard anybody say they don't have any product. The freight is the key. What will it cost? The coal is there if you want to pay the price. The price will not be pretty, and they might not have the boats to move it."

A buyer said a recent check of Colombian and Venezuelan coal of 11,600 Btu/lb. and 0.6% sulfur is priced in the "mid-$40.00 to low $50.00/tonne FOB mine" range.

"The freight has softened a tad," a source said. "It's approaching $20.00 numbers. Time will tell if that is short-lived. We have heard prices of $60.00-65.00/ton from Colombia to an East Coast port."

Desperate consumers might have to suck it up and take what coal they can get, particularly if the weather quickly takes a turn for the worse.

"It all depends on how hot we get," a source said. "If it's a hot summer in the Northeast, it will put a strain on the whole market. That's a given. I don't think anyone is sitting around with inventories they are comfortable with.

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News From the Western Coalfields...

Progress for PRB as Crystal River finds blend to its liking

Powder River Basin coal floated boats at the Crystal River generating station and will be a fixture in the plant's coal blend. Look for Progress Fuels to burn something like 300,000 to 500,000 tons of PRB coal at the plant.

Progress Fuels was pleased with the performance of its boilers given a reasonable diet of PRB coal. It was even more pleased to have achieved NOx reduction in comparison to Central Appalachian coal. Apparently neither PRB nor Central App coal help to reduce NOx as much as South American coal.

But the combination of South American coal (from both Colombia and Venezuela) and PRB coal will enable Crystal River to achieve its NOx targets on a year-round basis.

Peabody Energy supplied North Antelope coal for the testing at Crystal River. As U.S. Coal Review detailed, Progress Energy had agreed to buy a couple of more unit trains of the Peabody coal if the testing went well. Those trains have been purchased.

Progress Fuels could become one of several utilities on the East Coast to burn some blend of PRB coal. There now are several reasons for a new sort of mini-run to PRB coal to occur on the East Coast. Generators like the possibilities of NOx reduction presented by PRB coal. Of course, it also is extremely low in sulfur, which is a major issue, particularly in the Northeast.

Generators have discovered this year that there are pitfalls to be encountered where 100 percent reliance on imported coal is concerned. Should the situation in China stay in place another year or more, those pitfalls could morph into an abyss as South American coal makes its way to power producers in Europe willing to pay almost any price to keep their plants running.

It's also extremely likely that generators in the East are getting great cooperation from the railroads that serve their plants.

"It makes sense for the railroads to do PRB," a source told U.S. Coal Review. "That's a long haul."

Both CSX and Norfolk Southern can be much more amenable to PRB coal than to imported coal, where short hauls generally are the order of the potential day. The low heating value of PRB coal also is an incentive to the railroads, obviously creating a need for larger tonnages.

Conectiv apparently has joined the ranks of those generating companies in the East that are testing PRB coal. We hear of a couple of more that are likely to do so soon. Some action could also occur in the Atlantic Coast region. Progress Energy Carolinas is one potential test candidate.

Western Spot Prices

- **8,400 Btu/lb., 0.8 lbs. SO2/MMBtu, $5.25 (Q3)**
- **8,800 Btu/lb., 0.8 lbs. SO2/MMBtu, $6.25 (Q3)**
- **8,800 Btu/lb., 0.55 lbs. SO2/MMBtu, $7.25/(Q3)**
- **11,500 Btu/lb., 1.2 lbs. SO2/MMBtu (UT), $27.00**
- **11,000 Btu/lb., 1.2 lbs. SO2/MMBtu (CO), $24.75**

PRB in low, slow reaction to eastern hikes as RRs sluggish

Many sources now have told U.S. Coal Review that they are most surprised this year by the Powder River Basin's slow reaction to eastern coal shortages and price explosions.

While PRB prices have been reasonably strong compared to historic market levels, they certainly haven't displayed anything like to volatility and upward lift that have dominated the eastern marketplace.

As U.S. Coal Review previously detailed, the reason probably isn't overly complicated.

"I think the demand is there," one major Powder River Basin coal producer said. "Right now, the trouble is getting it into the railcars. The (rail issue) has confounded us so far."

Buyers have reacted pretty intelligently to the rail transportation shortfall.

Given the unlikelihood that new, large orders of PRB coal will be shipped, buyers have refrained from entering the market in a big way. There isn't any sense in running up the price of coal if the product purchased can't be shipped.

Still, that discipline is viable only for so long. Eventually, folks must have coal. Recall what happened throughout 2000. Discipline of a different kind was the theme – generators were intent on trimming their inventories, so they didn't make any significant purchases. Winter got cold surprisingly early, and there was a rather frantic, concerted run to the market.

From that, the 2001 market run-up really was born.

Will generators be forced to the market in mass once again in 2004? Maybe.

"This is exactly what happened (before) 2001," a source said. "At some point, it's going to happen. We're still consuming more coal than we're producing – even the PRB."

Recent earnings reports provided a strong clue that a demand run is near. Utility profits were up substantially, and a major reason was related directly to coal.

"They've been selling a lot of electricity from their coal-fired units," a source said, "most likely displacing gas."

As a result, increased earnings are being attributed in some quarter to wholesale opportunities fueled by coal. Utility executives will be fairly patient with high delivered coal prices

(Continued on Page 17)

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Chinese faced pressure at end of week to kill quotas, licenses

The Chinese government had until the end of last week to dismantle its export-license and quota system for metallurgical coke to avoid a case filing by the European Union with the World Trade Organization.

The EU Trade Commission has complained that China's decision to limit coke exports this year has had a damaging effect on European steelmakers suffering through a period of high-priced raw materials that have become extremely scarce. The commission will request talks at the WTO that could lead to a legal challenge against China.

U.S. Coal Review sources have offered raised eyebrows in response to the action. Those sources say they are having trouble understanding the WTO's position.

"If China isn't exporting as much coke because of its internal needs, how can you order it to export more?" a source asked.

The price of Chinese coke-export licenses has risen dramatically over the last year, climbing to as much as $200/tonne from $5.00/tonne last year. In turn, coke prices have jumped to $450.00/tonne. Nearly one-third of EU coke imports came from China in 2003.

During a meeting last week, Chinese trade minister Bo Xilai offered to increase exports of coke by 1.5 million to 2 million tonnes this year, but the EU said the offer would not resolve the problem.

According to custom clearance statistics of China, coke exports from the country during January through March 2004 totaled 2.3 million – a drop of 43 percent from the same period a year ago.

Appraisal looks favorable as P&M moves to obtain PRB tract

Pittsburg & Midway Coal Mining could get a pretty favorable deal in a land exchange in which it would acquire a tract of federal coal in the northern most part of the Wyoming Powder River Basin. The Interior Department has appraised the Public Service of Oklahoma Tract at $5.4 million.

The PSO Tract includes 84.2 million tons of recoverable reserves, meaning that the coal is valued at just six cents/ton, considerably below the recent going rate for federal coal in the PRB.

P&M is attempting to consolidate its properties. When P&M acquired Kemmerer Coal many years ago, a number of miscellaneous properties, including non-coal properties, were included. P&M is now trying to reduce the number of properties it holds and to convert them into something that might be more marketable.

P&M has been involved in this effort since February 1999.

Given Chevron's apparent lack of interest in developing new mines – P&M or even coal might not even be mentioned in the oil company's latest annual report – sources say they don't see P&M rushing to develop the property in the near future. If anything, a sale might be in the offing.

The PSO property is located just southwest of the Decker mine, and there have been several attempts to develop the property in the past.

A breakdown of the lands being exchanged:

- Bridger Teton – 3,086 acres surface, 3,086 acres coal – located in or near the Bridger Teton National Forest, north of Kemmerer, WY;
- JO Ranch – 1,236 acres surface, 0 acres coal – located southwest of Rawlins, WY;

Welch Ranch – 1,600 acres surface, 800 acres coal – located south of the PSO tract P&M wants and north of Sheridan, WY.

PRB in slow reaction to eastern hikes

(Continued from Page 7)

if they are necessary to keep a fatted calf alive.

As U.S. Coal Review has detailed, there are some indications that generators have been compelled recently to dial down the coal for conservation purposes. Gas units might be getting a bit of a workout as a result.

But that isn't likely a bearish development. Conservation measures wouldn't be in place if coal inventories weren't lean.

Moreover, natural gas pricing seems stuck in the $5 to north of $6 range – recently more the latter, which is "a pretty alarming price for natural gas given that we're in the shoulder season," one market analyst said.

Sources see utilities in strategy sessions to seek summer solutions

(Continued from page 2)

"I'll bet they don't have 15" days' supply of coal on the ground, he said.

If that's true, Kingston isn't the only station in such shape, though average inventories in the Southeast are maybe slightly higher.

"I'd say most of them are in that 25-day range," a source said.

The concern is that coal won't be delivered quickly enough to keep pace with demand. "I think we're in danger of some real problems if it's a hot summer," a source said.

Railroad service is "probably a year away from getting better," one source said.

Both CSX and Norfolk Southern are building locomotives, but that will take time. The lack of power has created a scenario in which utilities that have private cars really aren't in a substantially better position than those who use railroad-owned equipment.

One buyer told U.S. Coal Review that his ownership of private cars has led to telephone calls from a number of coal suppliers who hoped to move product his way. But he was unable to take advantage because of the locomotive shortage.

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Better economic news for Japan

In further confirmation of apparent economic recovery, the country's key industrial production measure has risen for the second consecutive year. The measure, published by **METI,** rose 3.4% in the year to March, its biggest gain since a 4.3% rise in fiscal 2000. Meanwhile, the **Japan Cement Association** has released figures showing the country's cement production down 2.6% to 73.5mt in the year to March. Domestic sales fell 6.2% to 58.9mt, but exports jumped 15.5% to 9.9mt. The Cement Association forecast is for production to fall again in the current year.

Venezuela

Venezuelans ask $65 for three-year deals

The frustration for the Venezuelan producers this year has been a simple lack of anything available to sell. But that hasn't stopped them looking longingly at the 2005 market and beyond and turning their pricing dreams into reality.

North American buyers this week were faced with demands of $65 FOB for 2005 price levels, but only on condition that three-year fixed priced contracts are entered into.

A Big Ask? Well not if your alternative market is in the European, Brazilian or North American steel industry as a highly-valued PCI coal. And this has put **Carbones Del Guasare** in an almost unenviable position.

"For buyers of high c.v. South American coal in the US these prices are high, but the choices are limited," said a North American buyer of both US and international coals. "The only thing working in the buyers' favour are the US producers who just can't help themselves. They see a price beginning with a $50 and dump everything. The real state of the US steam coal market is that it is on the cusp of an explosion. The only thing that will keep it on that cusp and avoid the explosion is the lack of ambition and ability of the US producers to read the market with any perception. Long may it stay that way."

Canada

Nova Scotia expects response

Nova Scotia Power is expected to be looking at some pretty unappetising offers as its tender closes today for 300,000t for delivery in the second half of the year and 1.4mt for the second half of 2005.

Suppliers believe that, with so little availability from South America (NSP's usual source of low sulphur product), that it may be at the mercy of a flash of generosity shown by **Cerrejon.** Even that is expected to mark a new high in recent business with indications this week that the one South American producer with some (limited) availability wil be valuing at at least $53 FOB. They may not feel that much more generous about 2005 price levels either.

NSP may have an alternative for low sulphur with growing interest among North American buyers in high c.v. low sulphur products. Certainly the quality can outstrip the Cerrejon offers, and FOB levels currently match, it all depends on whether the freights can work on this route.

Prices are called for on an FOB loadport basis in $/MMBtu GAR and should include pricing DEQ Auld's Cove and Sydney, Nova Scotia ports, as an option.

Quantities to be offered are:

- low sulphur (below 0.65%), 0.3mt for Q3 and Q4 for 2004 and 1mt for 2005;
- mid sulphur (below 2.5%), 0.4mt for 2005.

NS Power burns around 2.8mt-3.0mtpy and 0.1mt of petcoke. Imports are taken via self-unloading panamax and handies.

Nova Scotia/AMCI in delivery spat

Nova Scotia Power is seeking to cane **AMCI** for the non-delivery of 400,000t of "South American" coal between November 17 last year and February 16 this year. The power company claims it is owed over $450,000 in damages for the non-delivery, in documents filed in the Nova Scotia Supreme Court. Four options are involved, each for 100,000t. The exercise date has passed for two of the four, according to NSP, without AMCI having shipped the coal: the first option was to be exercised November 17, 2003, the second February 16, 2004. May 17 is the exercise date for the third option. The fourth is due August 17.

AMCI (now **Xcoal**) says the case is heading for arbitration and that it was seeking a commercial settlement with NSP.

Chile

Guacolda buys subbituminous

Guacolda has recently bought two cargoes of subbituminous EcoCoal from **BHPBilliton** to be delivered in June 2004. No information about price has been available. Guacolda operates two 150MW units located in the Huasco region, in Northern Chile. Annual burn includes 0.2mt of petcoke and 0.6mt to 0.7mt of imported bituminous mainly from Canada and Indonesia. The domestic Pecket mine - Guacolda's supplier of 0.3mt/yr of subbituminous coal - had a highwall collapse by the end of last year and has not fully returned to normal. Last month saw Guacolda take a handysize of EcoCoal from Indonesia's **Arutmin** at $23.00 FOB, basis 4,200kc GAR.

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MASTER
WATER
DOMESTIC

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

_____

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AGREEMENT FOR THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the _____ day of _____, 20____, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and _____, a _____ (state) corporation (hereinafter "SELLER"), _____(street address) (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a long-term purchase and sale agreement for use as fuel at PEF's Crystal River Units No. 4 and No. 5 near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

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1.02 Warranty and Dedication of SELLER'S Reserves. SELLER represents and warrants that SELLER owns, leases or controls mineral interests containing reserves in seams sufficient in quality and quantity to supply the coal covered by this Agreement (hereinafter the "Coal Property"). SELLER hereby expressly dedicates to PURCHASER 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 further agrees to reimburse PURCHASER for any increased cost that might be incurred to replace coals that SELLER is unable to ship on this contract.

1.03 Quantity. During the initial term hereof, the quantity of coal to be delivered hereunder shall be _____. Amounts under any renewal period shall be mutually agreed to by PURCHASER and SELLER by _____

1.04 Term. The initial term of this Agreement will commence on _____, and will continue in effect for a period of twelve (12) months. PURCHASER shall have an option, exercisable by notice in writing prior to _____, to renew this Agreement for an additional term of twelve (12) months.

1.05 Base Price. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be _____ ($_____) per ton, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement. Base Price during the optional additional term shall be negotiated _____. If PURCHASER and SELLER fail to agree on a new Base Price, this Agreement will expire on _____, 20_____.

1.06 Billing and Payment. SELLER shall invoice PURCHASER for the coal delivered to PURCHASER on a per-vessel basis at the base price as shown in Section 1.05 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

2.01 Weighing. The net weight of coal sold and delivered hereunder shall be determined by certified belt scales at the barge loading point or by barge survey if certified scales are not available.

2.02 Delivery and Title. All coal to be supplied under this Agreement shall be from SELLER'S mines located in _____, _____. Delivery shall commence on or about _____, and shipments shall be as uniform as practicable during contract period, plus or minus ten percent (10%). SELLER and PURCHASER shall mutually agree on actual shipment dates. For months in which SELLER fails to achieve these delivery rates through no fault of PURCHASER'S (i.e., IMT can receive vessel or barges are available as scheduled), SELLER shall pay PURCHASER the amount of _____ United States Dollars ($_____USD) per ton for all tons which SELLER failed to load as scheduled in accordance with Section 2.03. Make-up of tons not loaded as scheduled shall be at PURCHASER'S sole discretion. Title to the coal and risk of loss thereof

shall transfer to PURCHASER at the time PURCHASER'S river barges are completely loaded and have been released by SELLER or as coal passes to terminal hopper (for belted vessels).

2.03 Shipment. It is presently contemplated that coal sold hereunder will be shipped by barge from _____ river docks specified by PURCHASER.

SELLER warrants its terminals provide adequate and safe dock and harbor facilities for river barges and are free of wharfage, dockage or port charges. SELLER further warrants its terminals are capable of loading a minimum of three (3) 1,500 net ton river barges per day without unusual shifting or loading delay. SELLER shall operate its terminals twenty-four (24) hour per day, seven (7) days per week, if and as needed to load PURCHASER'S barges. PURCHASER shall nominate load dates to SELLER on a month-by-month basis; SELLER'S approval of such not to be unreasonable withheld. SELLER shall be responsible for all loss of, or damage to, any barge provided hereunder and for the loss of any coal in said barge (other than damage or loss due to normal wear and tear, latent or patent defects in the barge existing at the time of delivery) occurring after such barge has been delivered to SELLER at SELLER'S terminal and while in the custody, control and possession of SELLER, if such loss or damage was caused by SELLER'S negligence. SELLER shall, at its own expense, carry and maintain wharfinger's liability insurance or equivalent coverage for its terminals naming PURCHASER as an additional insured under the policy. SELLER agrees to provide to PURCHASER a copy of this insurance within ten (10) working days from the signing of this Agreement. SELLER shall have the right, but not the duty, to refuse to load any barges which SELLER considers unseaworthy. In such event, SELLER shall promptly notify PURCHASER. The loading and switching of barges between the time PURCHASER delivers the barges and the time PURCHASER picks up the barges shall be SELLER'S risk and expense.

PURCHASER shall be solely responsible for making and providing all necessary arrangements with barge carriers for barges to be loaded hereunder. PURCHASER shall provide or cause its barge carrier to provide SELLER seven (7) and one (1) day advance notices of the estimated time of arrival of barges at the loading origin.

A barge shall be deemed to have been delivered to SELLER and be in SELLER'S custody, control and possession when it has been secured by or on behalf of PURCHASER at SELLER'S terminal to await loading, and shall be deemed to be released when untied for pickup by or on behalf of PURCHASER from SELLER'S terminal.

SELLER agrees to load purchaser's barges in a good and workmanlike manner according to drafts or other instructions as issued by PURCHASER or its agent. Any costs associated with SELLER'S failure to load barges in accordance with instructions issued by PURCHASER or its agent; such as, dead freight or reducing overloaded barges, shall be for SELLER'S account. SELLER shall make every reasonable effort to avoid loading barges which contain excess free water, ice, metal, wood or other debris. SELLER shall not load in each end piece barge less than 1,400 net tons and in each box barge less than 1,600 net tons unless otherwise instructed by PURCHASER or its agent.

2.04 Freight Charges. Subject to reimbursement provided by Sections 2.05, PURCHASER shall pay all freight and other charges imposed by its barge carrier.

2.05 Excess Loading Costs Chargeable to SELLER. SELLER shall be responsible for any origin river barge demurrage costs assessed by PURCHASER'S barge contractor provided such demurrage costs are, in fact, incurred by PURCHASER and are not excused pursuant to

Section 4.01 hereof. SELLER agrees to exercise its best efforts to load PURCHASER'S barges in an expeditious manner.

2.06 Payment of Excess Costs to PURCHASER. Any payments required by Sections 2.05 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 then owed by PURCHASER to SELLER hereunder

2.07 Freeze Proofing. When required by the river transfer terminal, PURCHASER-approved freeze proofing material will be applied at the rate of _____ (_____) pints per ton at a cost of _____ cents ($._____) per ton.

3.01 Coal Specifications. Coal delivered hereunder shall be crushed to two inches (2") by zero inches (0") in size with no intermediate sizes added or removed. It shall be prepared so as to be free of bone, slate, shale, fire clay, wood, metal, rock, loose clay and other impurities, as determined by PURCHASER, shall have a temperature below 131 degrees Fahrenheit and shall have the following per vessel specifications analyzed on an "as-received" basis. SELLER or SELLER'S terminal shall provide magnets and/or metal detectors, as required, to ensure that metal is eliminated from product.

SPECIFICATION	REQUIREMENTS
Moisture (Total)	_____% (maximum)
Ash	_____% (maximum)
Sulfur Dioxide	1.2 LB SO_2 Per Million Btu (maximum)
Pyritic Sulfur	_____% (maximum)
Volatile	_____% (minimum) _____% (maximum)
Ash Fusion - Initial Deformation	_____° (minimum)
Ash Fusion - Softening (H-1/2W), Reducing	_____° (minimum)
Grindability	_____ (minimum)
Calorific Value	_____ Btu/LB (guaranteed)
Fines (minus 1/4 inch)	_____% (maximum)

3.02 Sampling and Analysis. For all coal delivered under this Agreement, PURCHASER shall appoint a mutually agreeable third party commercial laboratory to collect and analyze a representative sample of each shipment. At PURCHASER'S discretion, sampling may be performed at loading, transloading, or unloading facility.

A. Standards. Current versions of the ASTM standards or subsequent revisions thereof shall apply to equipment and methods used for sampling and analyzing coal under this Agreement, unless specifically stated and mutually agreed to otherwise. PURCHASER and SELLER shall agree as required on standard reference materials for use in performing analyses where applicable

B. Sampling. Sampling of coal subject to this Agreement shall be performed by a third party laboratory selected by PURCHASER with an automatic sampling system at the mine, loading point, transloading point, or at Crystal River's unloading facility, at PURCHASER'S discretion, in conformance with the specifications of ASTM Standards D 2234 and D 2013 except for deviations agreed to in writing by PURCHASER and SELLER. In case of failure of the automatic sampler, shipments shall be hand-sampled per ASTM D 4915. SELLER shall perform bias testing on sampling systems at intervals not to exceed two (2) years as a condition for consideration of utilizing loading samples for basis of payment. PURCHASER has the right to

perform or cause to be performed bias tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

Four sub-samples will be divided from each gross sample according to ASTM Standard 2013. All sub-samples shall be placed in suitable containers and distributed as follows:

Sub-sample one shall be for analyses as specified in Sections (c) and (d), and shall be called the Laboratory Sample.

Sub-sample two shall be maintained for a period of thirty days as referee samples as described in Section (e).

Sub-sample three shall be for SELLER'S disposition.

Sub-sample four shall be for PURCHASER'S disposition.

C. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302 except that new minimum and maximum times or procedures may be employed by mutual agreement. An analysis sample shall be prepared from the air-dried sample for further analyses.

D. Analysis to be Made. The analyses to be made by a third party commercial laboratory, according to methods described in the applicable standards, are as follows:

Moisture, in weight percentage

Ash Content, in weight percentage

Calorific Value, in Btu's per pound

Sulfur, in weight percentage

Volatile Matter, in weight percentage

PURCHASER may also request analysis for HGI and Ash Fusion tests from time to time. Upon request, additional sub-sample(s) shall be maintained to allow SELLER to perform additional analysis.

E. Acceptance of Results. The results of the sampling and analysis by third party laboratory shall be accepted as the quality and characteristics of the coal delivered hereunder in the shipments represented by such samples, and the same shall be accepted as the monthly analysis for the shipments delivered during such month; provided, however, that if either party should at any time question the correctness of the original analysis made on the laboratory sample, it shall have the right to have sub-sample two analyzed by a testing laboratory mutually selected by

SELLER and PURCHASER. Said laboratory shall use methods approved by ASTM or other mutually-accepted procedures, and mutually-agreeable standard reference materials.

The analysis of sub-sample two as determined by the commercial testing laboratory shall be accepted as being representative for the lot of coal under consideration. The party questioning the correctness of the original analysis shall pay the cost of such analyses, and the price of coal represented by such samples shall immediately be adjusted in accordance with the provisions of this Agreement, and any amounts due either PURCHASER or SELLER shall be paid in accordance with Section 5 hereof.

PURCHASER shall have the right to have a representative present at any and all times to observe said sampling and analysis and to take reasonable samples.

3.03 Quality Reports. Notice of the quality of coal delivered hereunder shall be given by telephone and telecopy to PURCHASER the day following the loading of coal at origin.

3.04 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any vessel {term for foreign coal} barge {term for domestic coal}. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 3.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in 3.01, and PURCHASER may notify SELLER to suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S sole

satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 3.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity.

3.05 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit") and not more than .2 percent pyritic sulfur.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If, in PURCHASER'S sole determination, PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's or .2 percent pyritic sulfur, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

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Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A. No Btu premiums shall be allowed on any shipment which received the above sulfur penalty.

(2) If PURCHASER rejects any shipment under 3.04 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

4.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, permitting, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, handling, processing or loading of coal by SELLER or the receiving, handling, transporting and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any

deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the PURCHASER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

4.02 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

4.03 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

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4.04 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

4.05 Attorney's Fees. In the event either party should default under the terms hereof or fail to perform any of the terms and conditions of this Agreement and a party employs an attorney to protect its interest and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

4.06 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However, notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

4.07 Environment, Health, and Safety.

A. Compliance and Indemnification. SELLER shall comply with all applicable EHS laws and shall indemnify PURCHASER against any EHS claims and costs arising from SELLER'S performance under this Agreement.

B. Audits. PURCHASER may audit SELLER'S EHS compliance. Within thirty (30) days of PURCHASER'S request, SELLER shall deliver to PURCHASER (1) all records regarding (a) SELLER'S actual or alleged violations of EHS laws and (b) EHS claims asserted against SELLER, in each case in the five year period preceding PURCHASER'S arequest and (2) any executed consent form(s) necessary for PURCHASER to obain from regulatory agencies and other third parties information regarding SELLER'S EHS compliance.

D. Definitions (as used in this Agreement).

1. Claim means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. EHS means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. Indemnify means to indemnify,.defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. Law means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

5. Manage or management, with respect to any material, means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

4.08 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

5.01 Independent Contractor. 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.

5.02 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

5.03 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto. In the event that there shall be a change of control of SELLER or any company which controls SELLER directly or indirectly (as the term control is defined in the Federal Securities Law), PURCHASER will have the right to terminate this Agreement.

5.04 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

5.05 Applicable Law and Venue. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in Pinellas County, Florida, and/or the federal court district encompassing said county.

5.06 Conflict of Interest Policy. PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee, unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

5.07 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

5.08 Confidentiality. Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated corporations or unincorporated divisions of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party

hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

5.09 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.

WITNESSES:

_____

_____

PROGRESS FUELS CORPORATION

BY: _____
Vice President - Coal Procurement
Date Executed: _____

WITNESSES:

_____

_____

{COMPANY NAME}

BY: _____
{TITLE}
Date Executed: _____

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APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of _____ Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of _____ Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than _____ Btu's per Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.) **PENALTIES WILL RECEIVE A MULTIPLIER OF TWO.**

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of eleven percent (11.0%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
_____% to _____%	[redacted] of the Base Price
_____% to _____%	of the Base Price
_____% to _____%	of the Base Price
_____% and Greater	of the Base Price

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APPENDIX B

Vessel Dispatch/Demurrage Provisions

{To Be Negotiated}

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MASTER
RAIL

AGREEMENT FOR

THE SALE AND PURCHASE OF COAL

BETWEEN

PROGRESS FUELS CORPORATION

AND

_____

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AGREEMENT FOR
THE SALE AND PURCHASE OF COAL

This AGREEMENT (hereinafter the "Agreement") is made and entered into as of the _____ day of _____, 20_____, between PROGRESS FUELS CORPORATION, a Florida corporation, 200 Central Avenue, One Progress Plaza, St. Petersburg, Florida, 33701 (hereinafter "PURCHASER") and _____, a _____ (state) corporation, _____(street address) (hereinafter "SELLER"),

WHEREAS, PURCHASER does supply coal to Progress Energy Florida, Inc., a Florida corporation (hereinafter "PEF"), under a purchase and sale agreement for use as fuel at PEF's Crystal River Units No. _____ and No. _____ near Red Level, Citrus County, Florida (hereinafter "PEF's generating units"); and

WHEREAS, PURCHASER desires to purchase and SELLER desires to mine and sell coal for use as fuel in PEF's generating units;

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto as herein stated and intending to be legally bound, PURCHASER and SELLER agree as follows:

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1.01 Mutual Obligations. SELLER agrees to mine, sell and deliver to PURCHASER, and PURCHASER agrees to buy from SELLER, coal of the quality and in the quantities and on the terms and conditions, set forth below.

2.01 SELLER'S Reserves and Preparations for Selling Coal. SELLER represents and warrants that SELLER owns or leases the Coal Property. SELLER further represents and warrants that the Coal Property contains economically recoverable coal of a quality and in quantities which, under present mining laws, practices, governmental rules and regulations will be sufficient to satisfy all the requirements of this Agreement during the entire term of this Agreement. SELLER agrees and warrants that it will immediately proceed to mine coal from the Coal Property and 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 sales and deliveries of coal to PURCHASER in accordance with the further provisions hereof. SELLER hereby expressly dedicates to PURCHASER 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 shall not ship any coal hereunder mined from any source other than the Coal Property without the prior written approval of PURCHASER.

SHORT-TERM LANGUAGE

3.01 Quantity. During the initial term hereof, the quantity of coal to be delivered hereunder shall be _____. Amounts under any renewal period shall be mutually agreed to by PURCHASER and SELLER by _____

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LONG-TERM LANGUAGE

3.01 Quantity and Source. During each calendar year during the term hereof, the quantity of coal to be delivered hereunder shall be _____ tons, prorated for any partial calendar year. At PURCHASER'S option, to be declared in writing by October 1 of the preceding calendar year, annual quantity may be varied between _____ tons and _____ tons. Coal to be supplied under this Agreement shall only be from the Coal Property.

4.01 Term. The initial term of this Agreement will commence on _____, _____, and will continue in effect for a period of _____ (_____) months. PURCHASER shall have an option, exercisable by notice in writing prior to _____, 20_____, renew this Agreement for an additional term of _____ (_____) months. If PURCHASER and SELLER fail to agree on a new Base Price as defined in Section 5.01, Base Price, this Agreement will expire on _____, 20_____.

5.01 Base Price. The base price per ton of coal, f.o.b. SELLER'S mine loading site, (hereinafter "base price") shall be $_____ per ton, adjusted monthly for the quality of coal in accordance with the formula and procedures set out in Appendix A hereto, during the initial term of this Agreement. Base Price during the optional additional term shall be negotiated by _____, 20_____.

LONG-TERM LANGUAGE

5.02 Adjustment to the Base Price. For coal delivered to PURCHASER in each subsequent calendar year, the base price shall be adjusted annually every January 1, as follows:

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The immediately preceding year's base price shall be apportioned 80 percent to the escalating or de-escalating component and 20 percent to the non-escalating component. The escalating or de-escalating base price component shall be apportioned 75 percent into a "PPI component" and 25 percent into a "GDP component." Each escalating or de-escalating base price component shall be adjusted by multiplying it by the change in the appropriate index as defined below.

The change in each appropriate index shall be expressed as a fraction, the numerator of which is the appropriate index first published in January of such subsequent calendar year, and the denominator of which is the appropriate index for the immediately preceding year. The appropriate indices for this adjustment shall be (i) for the PPI component, the December Producers Price Index for Industrial Commodities Less Fuel, Table 8, and (ii) for the GDP component, the fourth quarter Gross Domestic Product Implicit Price Deflator. The base price will be allowed to escalate or de-escalate according to appropriate indices. The base price shall carry a cap of _____ ($._____) per year as a maximum escalation. Appendix C lists examples of how this escalation clause is applied.

6.01 Billing and Payment. SELLER shall invoice PURCHASER monthly for the coal delivered to PURCHASER during the preceding month at the base price as shown in Section 5.01 hereof. Each invoice shall be paid by PURCHASER within twenty (20) days of the date of the invoice or fifteen (15) days from receipt of the invoice, whichever is later. Adjustments under Appendix A shall be separately stated and if not calculated in time for preparation of the monthly invoice may be stated as a retroactive adjustment on the monthly invoice next following the calculation date. A statement showing the basis for the adjustment shall accompany said invoice.

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7.01 Delivery and Title. Delivery shall commence during _____. Time is of the essence. Delivery will be at PURCHASER'S option as provided in Section 7.02, in railroad cars or trucks f.o.b. the Coal Property and will be so scheduled as to permit loading in unit train lots in accordance with the terms of the applicable contract or tariff (as defined hereinafter). PURCHASER represents that it will supply transportation equipment as required for delivery. Delivery shall be in approximately equal monthly installments wherever possible; however, PURCHASER retains the right to alter monthly shipping schedules on a reasonable basis to meet monthly burn requirements at PEF's Generating Units and to conform to PURCHASER'S unit train and river barge tonnage requirements. Title to the coal and risk of loss thereof shall transfer to PURCHASER at the time the trains or trucks are completely loaded and have been released by SELLER.

7.02 Shipment; Applicable Contract or Tariff. It is currently contemplated that coal sold hereunder will be shipped by rail from SELLER'S unit train loading facilities at _____ to destinations specified by PURCHASER. Notwithstanding the foregoing, PURCHASER shall have the option to ship the coal by truck or rail to river docks for movement on the American inland waterway system. Coal for shipment by river from a single origin shall be scheduled in shipments to meet PURCHASER'S river barge requirements, not to exceed 22,500 tons for loading into fifteen (15) barge unit tows.

Unless waived in writing by PURCHASER (as may be done in the case of river shipments), SELLER will provide, at its own expense, off-mainline rail trackage sufficient for efficient and dependable loading of unit trains at or near the mine loading site or at another mutually acceptable location in accordance with schedules set by PURCHASER. SELLER shall operate such loading facilities twenty-four (24) hours per day, seven (7) days per week, if and as needed, regardless of

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mine holidays or vacation periods, and shall fully load unit trains comprised of up to ninety (90) one-hundred (100) ton cars within four (4) hours of their arrival (minimum weight 9,600 tons per 90-car unit train or 107.0 minimum tons per car) at such loading facilities or in accordance with the applicable contract or tariff for shipments hereunder. SELLER shall load each car at least to the minimum tonnage requirements of the railroad as defined in the CSXT-8200 Series Tariff in effect at the time shipments are made. "Arrival" shall be deemed to have occurred when the SELLER is notified by the CSX trainmaster that a train is **available** for loading. Requests by the SELLER to the CSX to "hold" trains will not allow SELLER to avoid charges referenced in Appendix B.

In no event shall SELLER load a car in excess of the maximum weight limitation per car as currently allowed by the railroad over the route of movement. If a car is found to be loaded in excess of the maximum weight limitation, the provision and charges published in Item 400, Tariff ICC CSXT-8200-Series, including supplements thereto or reissues thereof, will apply; and SELLER shall be responsible for such charges.

Shipment of coal under this Agreement (other than by truck) shall be made in accordance with the contract which PURCHASER has negotiated with the railroad or in the absence thereof the applicable tariff (herein called the "applicable contract or tariff"). SELLER acknowledges receipt of same and expressly assumes the obligations imposed on the consignor under the applicable contract or tariff, and SELLER agrees to load unit trains in a manner and at an effective rate sufficient to load the quantities of coal scheduled for delivery under this Agreement and sufficient to qualify PURCHASER for the applicable contract or tariff without demurrage, car detention, dead freight or other penalties or charges; provided, however, that PURCHASER provides transportation equipment on a regularly scheduled basis sufficient to enable SELLER to fulfill the terms of this Agreement. SELLER agrees and warrants that no agreement of SELLER providing for the joint use of surface facilities will interfere with or impair SELLER'S obligations as set forth in

this Agreement. The provisions of Sections 7.04 and 7.05 of this Agreement shall not be deemed to limit or modify any of SELLER'S obligations or PURCHASER'S rights hereunder.

If the applicable contract or tariff is amended, supplemented or replaced, subsequent shipments of coal shall be made by SELLER in accordance with the terms of the applicable contract or tariff as amended, supplemented or replaced. Notwithstanding anything in this Agreement to the contrary, if the applicable contract or tariff as amended, supplemented or replaced imposes more costly car-loading terms, conditions or duties on SELLER than those specifically assumed by SELLER under this Agreement, PURCHASER either shall pay SELLER, as a direct result of the imposition of such additional costly car-loading terms, conditions or duties on SELLER, reasonable additional per ton charges or, at PURCHASER'S sole discretion, may terminate the Agreement. Payments shall begin within thirty (30) days after receipt from SELLER of a written statement itemizing such costs (which may include SELLER'S additional costs for labor, materials, amortization of capital items or a combination of these) and showing facts necessary to permit PURCHASER to verify such costs.

7.03 Freight Charges. Subject to reimbursement provided by Sections 7.04 and 7.05, PURCHASER shall pay all freight and other charges imposed by the applicable tariff.

7.04 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 10.01 hereof or the applicable tariff, SELLER shall pay PURCHASER or railroad any resulting car detention penalties, demurrage, crew charges or charges for cars not timely loaded to marked capacity which PURCHASER is required to pay under the applicable tariff. In addition, SELLER shall pay PURCHASER reasonable lost railcar

utilization charges for failure to timely and fully load and/or time lost to unload overloaded railcars of PURCHASER. Examples of these charges are listed in Appendix B.

7.05 Excess Freight Costs Chargeable to SELLER. If SELLER fails to have available sufficient coal to satisfy the quantity requirements of Section 3.01 on the regularly scheduled basis referred to in Section 7.01 and thereby fails to satisfy the tonnage requirements of the applicable contract or tariff (dead freight, volume incentive threshold, annual volume guarantee) and such failure is not excused pursuant to force majeure as provided in Section 11.01 hereof, SELLER shall pay PURCHASER any resulting freight charges which PURCHASER is required by such contract or tariff to pay in excess of the amount of such charges that would have been payable with respect to the coal actually shipped had tonnage requirements been met. In the event locomotives, caboose and train crew are released without a unit train of loaded cars being released to the railroad, detention charges, which include charges for locomotives, if any, will cease at the time of notification of such release. When a train crew, caboose and locomotives are again required by SELLER for service, a charge of $1,635.00, as adjusted by the railroad, will be assessed by the railroad and paid by SELLER and the detention and free time provisions will again be applicable upon the arrival of locomotives, caboose and crew at the mine loading site.

7.06 Payment of Excess Costs to PURCHASER. Any payments required by Sections 7.04 and 7.05 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 then owed by PURCHASER to SELLER hereunder.

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7.07 **Freeze Proofing.** When required by the river transfer terminal, a PURCHASER approved freeze proofing material will be applied by SELLER at the rate of _____ (_____) pints per ton at a cost of _____ cents ($._____) per ton to PURCHASER. Freeze proofing will not be required on direct rail shipments.

8.01 **Weighing.** The net weight of coal sold and delivered hereunder shall be determined by SELLER'S certified scales (if available) at origin for unit train shipments or, if the origin scales are inoperable or are not certified, PURCHASER may order weighing by the carrying railroad over certified scales or may use the average of the net weights of the five (5) prior unit trains. Notwithstanding the above, at PURCHASER'S option, weight may be determined by certified scale at discharge point.

8.02 **Sampling and Analysis.**

A. Sampling. Sampling of coal subject to this Agreement shall be performed on each shipment with an automatic sampling system by a third party employed by PURCHASER at the mine or at PEF's Crystal River power plant in conformance with the specifications of ASTM Standards, except for deviations agreed to in writing by PURCHASER and SELLER. In case of any failure of the automatic sampler, trainloads may be hand-sampled in accordance with ASTM 4915 or by other mutually agreed to method. The cost of sampling coals shall be for the account of PURCHASER.

The SELLER shall perform or cause to be performed bias/performance tests on mechanical sampling systems at two-year intervals. PURCHASER shall be furnished bias test reports performed within two (2) years of commencement of shipments. PURCHASER has the

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right to perform or cause to be performed bias/performance tests at any time during the period that this Agreement is in effect at PURCHASER'S cost.

A minimum of four sub-samples shall be divided from the shipment sample according to ASTM Standard D 2013. The fourth sub-sample shall be placed in a suitable container and sent to PURCHASER. The third sub-sample shall be placed in a suitable container and saved for SELLER'S disposition only. The second sub-sample shall be placed in a suitable container and retained for thirty (30) days as a check sample. The first sub-sample, which is called the laboratory sample, shall be used for analyses as specified in the following paragraphs. Appropriate additional splits shall be retained for additional tests as needed.

B. Air Drying. The laboratory sample shall be air-dried according to ASTM Standards D 2013 and D 3302, except that modified procedures may be employed by mutual agreement. The air-dried sample shall then be prepared for further analyses.

C. Analyses to be Made. The analyses to be made according to methods described in the applicable standards are as follows:

Moisture, in weight percentage
Ash Content, in weight percentage
Calorific Value, in Btu's per pound
Sulfur, in weight percentage
Volatile, in weight percentage
Grindability, in Hardgrove Index units
Ash Fusion, in degrees Fahrenheit
Pyritic Sulfur, in weight percentage
Screen Analysis, in weight percentage (separate sampling required)

D. Acceptance of Results. The results of the third party sampling and analysis of the laboratory sample shall be accepted as the quality and characteristics of the coal delivered hereunder in the trainloads represented by such samples and the same shall be accepted as the monthly analysis for the trainloads delivered during such month; provided, however, that if either party, within thirty (30) days, questions the correctness of the original analysis made on the labora-

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:ory sample, it shall have the right to ıave the check sample analyzed by a commercial testing aboratory mutually selected by SELLER and PURCHASER and said laboratory shall use methods approved by ASTM or other mutually acceptable procedures. The results obtained on the check sample will be accepted as the quality and characteristics of the lot of coal involved. The party questioning the correctness of the original analyses shall pay the cost of such analyses. The price for the coal represented by such samples shall be adjusted in accordance with the provisions of this Agreement and any amounts due shall be paid in accordance with Section 6 hereof.

PURCHASER and SELLER shall have the right to have a representative present at any and all times to observe said sampling and analyses and to take a reasonable number of samples.

8.03 **Quality Reports.** Notice of the quality of coal delivered hereunder shall be given to PURCHASER and SELLER as soon as practical following the loading of coal at origin.

9.01 Coal Specifications. Coal delivered hereunder shall be a homogenous coal, crushed to two inches (2") by zero inches (0") in size with no intermediate sizes removed. The coal shall be prepared so as to be free from excess quantities of bone, slate, shale, fire clay, wood, metal, rock, loose clay, and other mine impurities as determined by PURCHASER and shall have a temperature below 131° Fahrenheit, and shall have the following specifications per shipment on an "as-received" basis:

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SPECIFICATION	REQUIREMENTS
Moisture	_____% (maximum)
Ash	_____% (maximum)
Sulfur	1.2 LB/SO_2 per Million Btu (maximum)
Volatile	_____ (minimum) _____ (maximum)
Ash Fusion - Softening (H=W), Reducing	_____°F (minimum)
Grindability	_____ HGI (minimum) _____ HGI (maximum)
Calorific Value	_____ Btu/LB (guaranteed)
Pyritic Sulfur	.2% (maximum)
Fines (-1/4")	_____ (maximum)

No metal should be contained in shipments. SELLER shall provide magnets and metal detectors or other suitable equipment should the need arise. Inclusion of metal in coal shipments, if continued, shall be grounds for immediate termination of this Agreement.

9.02 Coal Specifications Deficiencies. For purposes of this Agreement, a "shipment" shall mean the quantity actually received in any unit train load or, in the event barge transportation is utilized, each barge loaded. If the coal delivered hereunder in any single shipment fails to meet any of the specifications set out in Section 9.01 other than sulfur content, PURCHASER shall have each of the following options to be exercised in its sole discretion:

(1) PURCHASER may notify SELLER that PURCHASER will accept such coal subject to and in accordance with the provisions set forth in this Agreement including Appendix A; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder; or

(2) PURCHASER will have the option to reject any shipment which exceeds any of the minimum/maximum specifications listed in 9.01, and PURCHASER may notify SELLER to

suspend further deliveries of coal hereunder until SELLER demonstrates to PURCHASER'S satisfaction that it can deliver coal that will conform on a per shipment basis to the specifications set forth in Section 9.01; provided, however, that PURCHASER'S exercise of this option shall in no way constitute a waiver of PURCHASER'S right at any time thereafter to exercise any of the other options set forth herein with respect to subsequent deliveries of coal hereunder. If SELLER fails to make the above demonstration to PURCHASER'S satisfaction within thirty (30) days after notice by PURCHASER, PURCHASER shall have the right to terminate or cancel this Agreement and, in addition, pursue every other remedy provided by law or equity; and

(3) No premiums shall be paid on coals that fail to meet Section 9.01 specifications.

9.03 Sulfur Content Warranty. SELLER warrants and represents that the average total sulfur content of each shipment shall not contain more than 1.20 LB of sulfur dioxide per million Btu's heat input (the "calculated sulfur limit") and not more than .2 percent pyritic sulfur.

In the event SELLER delivers to PURCHASER any shipment of coal with a total sulfur content or a pyritic sulfur content in excess of the calculated sulfur limits set forth above, the following shall apply:

(1) If PURCHASER is able to use such coal by blending directly with other coal from the active stockpile so that the blended coal shall not exceed 1.20 LB of sulfur dioxide per million Btu's or .2 percent pyritic sulfur, PURCHASER shall accept such coal and the price of the coal delivered in such shipment shall be reduced from the invoice price PURCHASER would otherwise have been required to pay for such coal under this Agreement by the amount of PURCHASER'S cost of blending such coal determined by the following adjustment:

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Sulfur Adjustment = [redacted] percent (I)

Where:

I - Invoice price which would apply excluding the sulfur adjustment.

Such adjusted price shall become the price for purposes of applying any adjustments provided in Appendix A. No premiums shall be paid for shipments that fail to meet Section 9.01 sulfur specifications.

(2) If PURCHASER rejects any shipment under 9.02 or is unable to use such coal under any circumstances because the burning of such coal will cause PURCHASER'S buyer's generating unit or units to have emissions that exceed 1.20 LB of sulfur dioxide per million Btu's of heat input, PURCHASER may reject such shipment without payment and SELLER shall be obligated to pay PURCHASER'S costs involved in transporting such coal from the point of SELLER'S delivery to the PURCHASER'S buyer's unit, the cost of disposing of such rejected shipment of coal and any other reasonable costs of disposition incurred, including PURCHASER'S railcar utilization costs and cost of transportation of such coal from PURCHASER'S buyer's unit to the point of disposition. If PURCHASER rejects a shipment from SELLER under the provisions of this paragraph, PURCHASER and SELLER shall meet promptly thereafter to see what reasonable steps may be taken on the part of both parties to allow this Agreement to continue. If PURCHASER and SELLER fail to reach agreement within thirty (30) days as to what steps can be taken to correct the situation, then PURCHASER shall have the right to terminate this agreement by giving notice of termination to SELLER and, in addition, pursue every other remedy provided by law or equity.

SELLER shall be permitted to have a representative present to observe tests conducted by PURCHASER'S buyer of burning in PURCHASER'S buyer's facilities, and to observe sampling, analysis and tests conducted to determine the content of flue gases resulting

from the burning of such coal. PURCHASER shall also make available to SELLER at reasonable times the results of such tests and analysis, as well as charts and other information resulting from the monitoring of stack gas emissions.

10.01 Force Majeure. As used herein, the term "force majeure" shall mean any event beyond the control and without fault or negligence of the party affected thereby and which, by the exercise of reasonable diligence or the incurring of reasonable expense, such party is unable to prevent or overcome, regardless of whether such event was foreseeable, including, without limitation, act of God, act of public authorities (including courts and commissions of competent jurisdiction), act of the public enemy, insurrection, riot, labor dispute, labor or material shortage, fire, explosion, flood, breakdown of or damage to plant equipment or facilities (including emergency outages of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruption to transportation or transportation delay, river freeze-up, embargo, order or act of civil or military authority, legislative, regulatory, judicial rule or order adopted, amended or newly interpreted subsequent to the date of this Agreement and any other event of a similar or dissimilar nature which wholly or partially prevents the mining, hauling, processing or loading of coal by SELLER or the receiving, transporting, handling, storing, and/or delivering by PURCHASER'S carrier thereof or the accepting, handling, utilizing and/or unloading thereof by PURCHASER or PURCHASER'S intended buyer, PEF.

In the event performance of SELLER'S obligations hereunder or PURCHASER'S obligations hereunder is made impossible, impractical or illegal by reason of force majeure (other than obligations to pay or expend money for or in connection with the performance of the transactions contemplated by this Agreement) and such party promptly gives to each other party hereto written notice of the details thereof, then the obligations of the parties hereto shall be totally

excused to the extent made necessary by such force majeure and during its continuance; provided, however, that such party giving such notice shall use its best efforts to eliminate such force majeure to the extent economically feasible to do so and with a minimum of delay. Any deficiencies in deliveries of coal hereunder as a result of force majeure shall not be made up except at the sole discretion of the PURCHASER. In the event force majeure results in a partial reduction in the total quantity of coal SELLER is obligated to deliver hereunder, the quantity of coal SELLER shall be obligated to deliver to PURCHASER hereunder during the continuance of such force majeure shall be limited to the amount of coal required to be delivered during such period but for this section multiplied by a fraction, the denominator of which is the production capacity of the Coal Property immediately prior to such force majeure and the numerator of which is the production capacity of the Coal Property during the continuance of such force majeure.

In the event that restrictions are imposed during the term of this Agreement by governmental bodies, agencies, entities, officials or courts which preclude or restrict PEF from burning coal of the specifications hereunder, such restriction shall be deemed to be an event of force majeure under this Agreement unless its effect can be avoided in a lawful manner and will not, in PEF's sole judgment, result in unreasonable expense to PEF, the obligations of the parties hereto shall be totally excused during the continuance of such force majeure.

{LONG-TERM LANGUAGE}

11.01 Audit. SELLER agrees to maintain books, records, documents and other evidences pertaining to the costs of producing, mining, handling or loading of coal under this Agreement (herein collectively called the "records") to the extent and in such detail as will properly reflect all items of whatever nature for which payment, reimbursement or adjustment in base price of coal is claimed under the provisions of this Agreement. Upon the request of PURCHASER, SELLER shall

make available at SELLER'S office any and all said records along with related correspondence, receipts, vouchers and memoranda pertaining to this Agreement for inspection, audit or reproduction by any authorized representative of PURCHASER. SELLER shall preserve all such records with respect to each shipment of coal for a period of twenty-four (24) months after final payment for such shipment, during which time PURCHASER shall complete any audit it may desire; provided, however, such time limitation shall not apply in cases whereby material misrepresentation, fraud or similar circumstances are claimed. The applicable records shall be preserved until audit is completed or, should there otherwise be questions raised regarding such recording, until agreement with regard to same is reached.

{LONG-TERM LANGUAGE}

11.02 Mine Access Rights. SELLER shall at all times carry out its mining operations consistent with obligations to meet the production and delivery schedule as provided herein. PURCHASER shall have the right from time to time during the term of this Agreement to arrange for geologists, consultants and engineers (PURCHASER'S "agents"), as well as PURCHASER'S own employees, to visit the mine at PURCHASER'S expense and risk, so long as it does not unreasonably interfere with SELLER'S operations. PURCHASER and its agents shall have access to the mine and to any and all data related to SELLER'S mining plans and reserves used to produce the quantity and quality of coal required by this Agreement.

12.01 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 or relinquishment of such provision or right but the same shall continue and remain in full force and effect.

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12.02 Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by law.

13.01 Cure of Default. Except as otherwise expressly provided in this Agreement, no default of either party to this Agreement in the performance of any of its covenants or obligations hereunder, which, except for this provision, would be the legal basis for cancellation or termination of this Agreement by the other party hereto, shall give or result in such a right unless and until the party committing such default shall fail to correct the default but in no event later than within thirty (30) days after written notice of claim of such default is given to such defaulting party by the other party hereto.

14.01 Attorney's Fees. In the event either party should default under the terms hereof or fail to perform any of the terms and conditions of this Agreement and a party employs an attorney to protect its interest and obtains a judgment in court or through arbitration in its favor, then the cost of such reasonable attorney's fee shall be and will form a portion of such judgment and shall be included in such judgment.

15.01 Indemnification. SELLER shall indemnify, defend and hold PURCHASER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of SELLER. PURCHASER shall indemnify, defend and hold SELLER harmless from and against any claim, demand, loss, damage or injury caused by or resulting from any act or omission, whether negligent or otherwise, of PURCHASER. However,

notwithstanding the above, neither party assumes any responsibility for damage or injury to officers, agents or employees of the other party.

15.02 Environment, Health, and Safety.

A. Compliance and Indemnification. SELLER shall comply with all applicable EHS laws and shall indemnify PURCHASER against any EHS claims and costs arising from SELLER'S performance under this Agreement.

B. Audits. PURCHASER may audit SELLER'S EHS compliance. Within thirty (30) days of PURCHASER'S request, SELLER shall deliver to PURCHASER (1) all records regarding (a) SELLER'S actual or alleged violations of EHS laws and (b) EHS claims asserted against SELLER, in each case in the five year period preceding PURCHASER'S arequest and (2) any executed consent form(s) necessary for PURCHASER to obain from regulatory agencies and other third parties information regarding SELLER'S EHS compliance.

D. Definitions (as used in this Agreement).

1. **Claim** means administrative, regulatory or judicial action, suite, dispute, liability, judgment, penalty, damages, directive, order or claim.

2. **EHS** means relating to the management of any material or the protection of human health, public safety, occupational/mine safety and health, the environment or natural resources.

3. **Indemnify** means to indemnify, defend, and reimburse the indemnitee and its successors and assigns on an after-tax basis.

4. **Law** means any binding authority, demand, or permitting requirement issued by a legislative, judicial, or executive governmental body.

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5. **Manage or management, with respect to any material,** means the manufacture, disturbance, generation, use, transportation, emission, discharge, treatment, storage, disposal, release, or threatened release thereof.

16.01 Notice of Problem. Whenever either party hereto encounters or discovers or reasonably anticipates any problem which could delay or prevent performance of this Agreement, such party shall immediately notify in writing the other party of all relevant circumstances and any remedial steps being taken.

17.01 Independent Contractor. 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.

18.01 Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their successors and assigns under Section 5.03 hereof. This Agreement shall not create any rights or remedies in any entity not a part hereto.

19.01 Assignments. Neither party may assign nor transfer this Agreement nor any rights nor obligations hereunder without the prior written consent of the other party hereto. In the event that there shall be a change of control of SELLER or any company which controls SELLER directly or indirectly (as the term control is defined in the Federal Securities Law), PURCHASER will have the right to terminate this Agreement.

20.01 Partial Dispute. Should any bona fide dispute involving the price of coal hereunder extend only to a portion of any amount claimed due hereunder, the undisputed portion shall be paid as and when due. Should it later be determined that additional payments are due from PURCHASER to SELLER, such amount shall be paid together with interest from the date payment was due as provided herein at the prime rate for preferred customers on loans not to exceed thirty (30) days as from time to time quoted by the Morgan Guaranty Trust Company of New York, New York, during pendency of the dispute.

{LONG-TERM LANGUAGE}

21.01 Oil Back Out. If during the term of this Agreement, the New York Harbor Daily Spot Market Cargo Price for No. 6 Fuel Oil, 1.0 percent maximum sulfur, as published in Platt's U. S. Marketscan under the heading "Estimated Gulfcoast Waterborne," averaged over a thirty (30) consecutive day period (hereinafter the "average" price), is less than or equal to the price specified below (hereinafter the "target price"), then PURCHASER, at its sole option, may reduce the monthly ratable quantity of coal purchased hereunder by 50 percent for each calendar month that the average price is less than or equal to the target price. The target price shall be $13 per barrel during calendar year. PURCHASER may exercise this option by giving written notice to SELLER within fifteen (15) business days of the date that that PURCHASER determined that the average price is less than or equal to the target price at or below the aforementioned values. The 50 percent reduction percentage, if PURCHASER exercises its option, shall be effective at the beginning of the calendar month immediately following the calendar month in which notice is given to SELLER. The foregoing provision shall apply irrespective of whether PURCHASER or PURCHASER'S intended customer, PEF, obtains replacement fuel or power as a consequence of oil prices.

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22.01 Captions. The captions to sections hereof are for convenience only and shall not be considered in construing the intent of the parties.

23.01 Applicable Law and Venue. All questions relating to execution, construction, performance, termination or breach of this Agreement shall be resolved under the laws of the State of Florida without regard to the choice of law provisions thereof. In the event of any lawsuit filed hereunder, the parties hereto authorize venue in Pinellas County, Florida, and/or the federal court district encompassing said county.

24.01 Conflict of Interest Policy. PURCHASER has adopted a conflict of interest policy, applicable to all its full-time employees (hereafter "Employee"), and intended to ensure that all business activities of PURCHASER will be conducted in a manner so as to avoid any conflict of interest or appearance of a conflict.

SELLER agrees to conduct its activities in support of said conflict of interest policy, specifically as follows:

(a) SELLER shall promptly disclose to PURCHASER the existence of any material financial interest in SELLER held, at any time during the term of this Agreement, by any Employee or member of an Employee's immediate family. The holding of publicly traded securities in SELLER need not be disclosed unless the Employee is directly or indirectly involved in dealing with the SELLER.

(b) SELLER shall not accept on its own behalf the service or employment in any capacity (such as director, officer, employee, representative or consultant) of any Employee,

unless such service or employment is specifically authorized by the President or Board of Directors of PURCHASER.

(c) SELLER shall not offer to any Employee or member of an Employee's immediate family any gifts of more than token value, special preference loans, lavish entertainment or other substantial favors.

Breach of this provision by SELLER shall constitute a material breach of this Agreement; and in the event thereof, PURCHASER shall have the right to terminate this Agreement and pursue any and all other remedies at law or equity.

25.01 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. It is understood that PURCHASER or SELLER from time to time in the administration of this Agreement may issue and transmit each to the other documents designated as "Purchase Orders" and "Change Orders;" these documents serve instructional or accounting functions only and are not amendments to or constructions of this Agreement.

26.01 Confidentiality. Each party hereto recognizes that this Agreement contains confidential commercial information, the public disclosure of all or any part of which could be damaging to the parties hereto. Accordingly, each party hereto agrees not to disclose any of the terms or provisions of this Agreement to any person or persons not a part hereto, except for affiliated corporations or unincorporated divisions of the parties hereto, without the prior consent in writing thereto of the other party hereto, which consent shall not be unreasonably withheld, except to the extent such party is legally compelled to make such disclosure pursuant to applicable law or

to the extent such disclosure is reasonably necessary in connection with any regulatory, administrative or other legal proceeding in which such party, or any such affiliated corporation or unincorporated division, is involved. When disclosure is made within the terms of the above mentioned exceptions, such disclosure shall be made only to the extent reasonably necessary. It is further understood and agreed that whenever any such information is disclosed by any party hereto in accordance with the above mentioned exceptions, such party will advise each person to whom disclosure is made of the confidential nature of the information disclosed and, except for routine regulatory reporting by PURCHASER, provide written notice of such disclosure, in advance thereof, if possible, to the other party to this Agreement.

27.01 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.

WITNESS:

_____

_____

PROGRESS FUELS CORPORATION

BY: _____
Vice President—Coal Procurement

Date Executed: _____

WITNESS:

_____

_____

_____

BY: _____
President

Date Executed: _____

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APPENDIX A

Adjustments for Calorific Value

Base price is based upon Subject Coal having weighted average calorific value of _____ Btu's per pound avoirdupois ("Pound"), "as received" at the point of weighing referred to in Section 8.01. The Base Price shall be subject to adjustment each month in accordance with the following provisions in order to compensate for variations in the calorific value of the Coal delivered during that month, with the result of such adjustment being taken into account in determining the price to be paid for the Coal received during that month. Price adjustments shall be calculated on a per-shipment basis and totaled for the month.

1. The variation of any given month shall be ascertained by comparing the per shipment calorific value of the Coal delivered and accepted that month with the calorific value of _____ Btu's per Pound.

2. If the calorific value in any shipment is greater than or less than _____ **Btu's per** Pound, the adjustment to be made therefor shall be computed on the basis of the following formula:

   (Actual Btu's Per Pound - Guaranteed Btu's Per Pound) ÷ Guaranteed Btu's Per Pound X Base Price = Cents Per Ton (FOB Mine) (Premium if positive—penalty if negative.) **PENALTIES WILL RECEIVE A MULTIPLIER OF TWO.**

Shipments that do not meet one or more contract minimum or maximum specifications will be excluded from premium calculations.

Adjustments for Ash Content

Base price is based upon Subject Coal having weighted average ash content of _____ percent (_____%) maximum "as received" at the point of weighing referred to in Section 2.01. The Base Price shall be subject to the following deductions:

ASH CONTENT	AMOUNT TO BE DEDUCTED FROM BASE PRICE
_____% to _____%	[redacted] of the Base Price
_____% to _____%	[redacted] of the Base Price
_____% to _____%	[redacted] of the Base Price
_____% and Greater	[redacted] of the Base Price

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APPENDIX B

Railroad and Railcar Detention Costs

A. RAILROAD CHARGES:

1. Detention: As published in Tariff ICC CSXT-8200-Series, including supplements thereto and re-issues thereof.
2. Dead Freight: Actual railroad charges.
3. Crew Change: [redacted] per change, subject to periodic adjustment by the railroad.

B. PFC RAILCAR CHARGES:

1. Lost Utilization Charges: Sum of a. and b. below.
   a. Delay of Train = [redacted] per car per day of delay.
   b. Failure to Fully Load Cars = ((9,600 ÷ 90 x AC) - AW) x [redacted] = P$

   Where: AC = actual number railcars
   AW = actual weight of trains
   P$ = penalty in dollars

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APPENDIX C {LONG-TERM APPENDIX}

Example (2 Years 1999 and 2000)

1. EXAMPLE FOR DETERMINING 1999BASE PRICE:	Base Price 07/01/98	Adjusted Base Price 07/01/99
1998 Base Price = [redacted]		
Fixed: 25% x $22.00	$ [redacted]	$ [redacted]
Escalatable/De-escalatable:		
PPI = 75% x 75% x [redacted]	[redacted]	
PPI June '99 ÷ June '98 = [redacted] ÷ [redacted]		[redacted]
GDP = 75% x 25% x [redacted]	[redacted]	
GDP 2nd Qtr. '99 ÷ 2nd Qtr. '98 = [redacted] x [redacted]	$ [redacted]	[redacted]
Total	[redacted]	[redacted]
Rounded		[redacted]
Less 1998 Base Price		[redacted]
Increase to Base Price (Cap @ [redacted]		[redacted]
Plus 1998 Base Price		[redacted]
1999 Base Price		[redacted]

2. EXAMPLE FOR DETERMINING 2000 BASE PRICE:	Base Price 07/01/99	Adjusted Base Price 07/01/00
1999 Base Price = [redacted]		
Fixed: 25% x $[redacted]	[redacted]	[redacted]
Escalatable/De-escalatable:		
PPI = 75% x 75% x [redacted]	[redacted]	
PPI June '00 ÷ June '99 = [redacted]		[redacted]
GDP = 75% x 25% x [redacted]	[redacted]	
GDP 2nd Qtr. '00 ÷ 2nd Qtr. '99 = [redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]
Rounded		[redacted]
Less 1999 Base Price		[redacted]
Increase to Base Price (Cap @ [redacted]		[redacted]
Plus 1999 Base Price		[redacted]
2000 Base Price		[redacted]

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APPENDIX D {LONG-TERM APPENDIX}

Sampling Standards

Current versions of the following ASTM Standards or subsequent revisions thereof shall apply to equipment and methods used for sampling and analyzing coal under this Agreement, unless specifically stated and mutually agreed to otherwise:

- D 4749 Test Method for Performing Sieve Analysis of Coal and Designating Coal Size (Replaces D 410)

D 1857 Test for Fusibility of Coal and Coke Ash

D 2013 Preparing Coal Samples for Analysis

D 2015 Test for Gross Calorific Value of Solid Fuel by the Adiabatic Bomb Calorimeter

D 2234 Collection of a Gross Sample of Coal

D 3172 Proximate Analysis of Coal and Coke

D 3173 Test for Moisture in the Analysis Sample of Coal and Coke

D 3174 Test of Ash in the Analysis Sample of Coal and Coke

D 4239 Test for Total Sulfur in the Analysis Sample of Coal and Coke Using High Temperature Tube Furnace Combustion Methods

D 3286 Test for Gross Calorific Value of Coal and Coke by Isoperibol Bomb Calorimeter

D 3302 Test for Total Moisture in Coal

D 409 Test for Grindability of Coal

D 1989 Test for Gross Calorific Value of Coal and Coke by Microprocessor Controller Isoperibol Calorimeter

D 121 Terminology of Coal and Coke

D 3175 Test for Volatile Matter in the Analysis Sample of Coal and Coke

D 3176 Test Method for Ultimate Analysis of Coal and Coke

D 3178 Test for Carbon and Hydrogen in the Analysis Sample of Coal

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D 3179	Test for Nitrogen in the Analysis Sample of Coal
D 2492	Test Method for Forms of Sulfur in Coal
D 3682	Test Method for Major and Minor Elements in Coal and Coke Ash by Atomic Absorption
D 4208	Test for Chlorine in Coal by Oxygen Bomb Combustion/Ion Selective Electrode
D 3761	Test for Fluorine in Coal by Oxygen Bomb Combustion/Ion Selective Electrode
D 4915	Practice for Manual Sampling of Coals From Tops of Railcars
D 3180	Practice for Calculating Coal and Coke Analyses from As Determined to Other Bases
D 5142	Test Method for Proximate Analysis of the Analysis Sample of Coal and Coke by Instrumental Procedures
D 4606	Test Method For Determination of Arsenic and Selenium in Coal by Hydride Generation/Atomic Absorption Method
D 3683	Test Method for Trace Elements in Coal and Coke Ash by Atomic Absorption
D 3684	Test for Mercury in Coal by Oxygen Bomb Combustion/Atomic Absorption

Progress Energy

May 20, 2004

SENT VIA OVERNIGHT COURIER

Mr. John R. Parker
Senior Vice President
Massey Utilities Sales Company
4 North Fourth Street
Richmond, Virginia 23219

Dear Mr. Parker: John

As we discussed, enclosed are drafts of contracts for our upcoming business. I will be out of the office on Friday, but will be in all next week. We look forward to working with you on this contract.

If you have any additional questions, do not hesitate to call.

Sincerely,

A. W. Pitcher
Vice President-Coal Procurement

AWP/tlr

Enclosure

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Progress Energy

May 20, 2004

SENT VIA OVERNIGHT COURIER

Mr. Clark Wisman
Central Coal Company
148 Bristol East Road
Bristol, Virginia 24202

Dear Mr. Wisman: Clark

As we discussed, enclosed is a draft of the contract for our upcoming business. I will be out of the office on Friday, but will be in all next week. We look forward to working with you on this contract.

If you have any additional questions, do not hesitate to call.

Sincerely,

A. W. Pitcher
Vice President-Coal Procurement

AWP/tlr

Enclosure

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Progress Energy

May 20, 2004

SENT VIA OVERNIGHT COURIER

Mr. John Seibel
B&W Resources, Inc.
637 Morton Boulevard
Hazard, Kentucky 41701

Dear Mr. Seibel: John

As we discussed, enclosed is a draft of the contract for our upcoming business. I will be out of the office on Friday, but will be in all next week. We look forward to working with you on this contract.

If you have any additional questions, do not hesitate to call.

Sincerely,

A. W. Pitcher
Vice President-Coal Procurement

AWP/tlr

Enclosure

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Progress Energy

May 20, 2004

SENT VIA OVERNIGHT COURIER

Mr. Joseph B. Jefferson
Director - Coal Sales
Progress Fuels Corporation
100 Main Street & River Front
Ceredo, West Virginia 25507

As we discussed, enclosed is a draft of the contract for our upcoming business. I will be out of the office on Friday, but will be in all next week. We look forward to working with you on this contract.

If you have any additional questions, do not hesitate to call.

Sincerely,

A. W. Pitcher
Vice President-Coal Procurement

AWP/tlr

Enclosure

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Progress Energy

May 20, 2004

SENT VIA OVERNIGHT COURIER

Mr. Tim Hall
Sequoia Energy, LLC
Black Gold, LLC
410 Winterham Drive
Abingdon, Virginia 24211

Dear Mr. Hall:

As we discussed, enclosed is a draft of the contract for our upcoming business. I will be out of the office on Friday, but will be in all next week. We look forward to working with you on this contract.

If you have any additional questions, do not hesitate to call.

Sincerely,

A. W. Pitcher
Vice President-Coal Procurement

AWP/tlr

Enclosure

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

Ott, Robin (PFC)

From: John.Tanner@arlp.com
Sent: Wednesday, May 12, 2004 12:30 PM
To: Pitcher, Al (PFC)
Cc: Ott, Robin (PFC)
Subject: RE: FW: 2005-2007 bid

OK. Thank you for the latitude extended. It will not happen again.

John W. Tanner
tannerj@arlp.com

"Pitcher, Al (PFC)" <APitcher@progressfuels.com> — 05/12/2004 12:19 PM

To: <John.Tanner@arlp.com>
cc: "Ott, Robin (PFC)" <ROtt@progressfuels.com>
Subject: RE: FW: 2005-2007 bid

We will review, as we always have, the bid. However, it will be noted as non-responsive for the "official recording." DO NOT SEND A FED EX FOR ARRIVAL TOMORROW. THAT WILL ONLY COMPOUND THE PROBLEM.

Al Pitcher

-----Original Message-----
From: John.Tanner@arlp.com [mailto:John.Tanner@arlp.com]
Sent: Wednesday, May 12, 2004 12:14 PM
To: Pitcher, Al (PFC)
Cc: Ott, Robin (PFC)
Subject: RE: FW: 2005-2007 bid

Al & Robin -

I'm sorry that we're in this situation, but we are. I'm deep into moving from Orlando to Miami and this just got away from me. I'm appealing to your practical side here. I can gladly put the offer to letterhead and Fed Ex for receipt tomorrow (5/13) or print and fax. If is that critical and you must disallow us, then there's not much else I can do. Please advise under the current circumstances.

John W. Tanner
tannerj@arlp.com

	"Pitcher, Al (PFC)" <APitcher@progressfuels.com>	
To		<John.Tanner@arlp.com>
cc	05/12/2004 11:56 AM	"Ott, Robin (PFC)" <ROtt@progressfuels.com>
Subject		RE: FW: 2005-2007 bid

We clearly indicated in our RFP that email or Fax's would not be accepted.

Al Pitcher

-----Original Message-----
From: John.Tanner@arlp.com [mailto:John.Tanner@arlp.com]
Sent: Wednesday, May 12, 2004 11:47 AM
To: Pitcher, Al (PFC)
Cc: Ott, Robin (PFC)
Subject: Re: FW: 2005-2007 bid

Do you need me to send on letterhead, faxed in today, as well? We felt the e-mail was considered legally acceptable. Please advise.

John W. Tanner
tannerj@arlp.com

"Pitcher, Al (PFC)" <APitcher@progres

To

sfuels.com> "Ott, Robin (PFC)"

<ROtt@progressfuels.com>

05/12/2004 11:42

cc

AM <John.Tanner@arlp.com>

Subject

FW: 2005-2007 bid

This is really a non-responsive bid. John had called earlier and indicated they were going to send something into us which would "act as an amendment to the current contract." I had no idea he was going to email the response. It should have been sent via a letter. Please record as applicable, we will evaluate, but may not consider this.

Al Pitcher

-----Original Message-----
From: John.Tanner@arlp.com [mailto:John.Tanner@arlp.com]
Sent: Wednesday, May 12, 2004 11:11 AM
To: Pitcher, Al (PFC)
Subject: 2005-2007 bid

Al -

With regards to your current RFP for Crystal River, we are proposing making an addendum to our current contract that will contain the below offered criteria. All tonnage offered is to originate from our MC Mining, LLC operation, served by CSX:

2005 - additional 150,000 tons; those tons to be priced @ [redacted]/ton FOB mine*

2006 - additional 150,000 tons; the price of those tons TBD via negotiations during Q3 of 2005 with a collar of [redacted]/ton (floor that Buyer would have to accept coal) - [redacted]/ton (that Seller would have to ship coal)*

2007 - 600,000 tons; price of those tons TBD via negotiations during Q3 of 2006 with a [redacted]/ton collar off the 2006 contract price*

* offered coal quality to remain consistent with that in our current contract.

Coal offered is subject to prior sale. We will be receptive to negotiate any facet of this offer, pending your needs. Thanks for the opportunity to offer additional tonnage and the possibility to grow our business relationship. Contact me if additional detail and/or explanation is required.

John W. Tanner
407.523.9797
tannerj@arlp.com

ARCH COAL SALES

KEN HODAK, Esq.
Sr. Vice President Regional
Coal Sales

May 12, 2004

Ms. Robin Ott
Progress Fuels Corporation
One progress Plaza, Suite 600
St. Petersburg, Florida 33701

RE: TERM CONTRACT COMPLIANCE COAL QUOTATION BY ARCH COAL SALES COMPANY, INC.

Dear Ms. Ott:

In response to Progress Fuels Corporation acting on behalf of Progress Energy ("Progress Energy") solicitation for Coal, Arch Coal Sales Company, Inc. ("ACS") acting for itself and as agent for the independent operating subsidiaries of Arch Coal, Inc. submits the attached proposal ("the Offer") to sell Coal to Progress Energy for its Crystal River Units Nos. 4 and 5 (the "Basis Plant").

1. **Quantity and Term:**

	2005	2006	2007
Tons/Yr	500,000	500,000	500,000

The Term of this Offer shall begin January 01, 2005 and end December 31, 2007. The Offered quantities and Term are fixed and are an integral part of the Total Offer. **Any changes to the Quantity or Term shall be deemed to constitute a counter-offer.**

2. **Source:**

ACS proposes to primarily source the offered Coal from the Thunder Basin Coal Company ("the Black Thunder Mine") of Arch Coal, Inc. located near the town of Wright, in Campbell and Johnson Counties, Wyoming; served by the Burlington Northern/Sante Fe ("BNSF"), and Union Pacific ("UP") railroads out of the Thunder Junction Rate District, #33403 (known as the "Basis Mine").

ACS reserves the right, without the obligation, to substitute Coal from other operations located in the Powder River Basin ("PRB") including non-affiliated mines (the substitute mines and the Basis Mine, collectively known as the "Mine"). All Coal shall fully comply with the stated Coal qualities herein.

3. **Delivery:**

The delivery point for the Coal shall be FOB loaded in Progress Energy's railcars at the Mine (the "Delivery Point"). Deliveries shall be in equal monthly quantities and within train size limits during the term of the Agreement. **Title and risk of loss shall pass to Progress Energy at the Delivery Point.**

4. **Quality:**

a. The Coal offered shall be substantially free of magnetic material and other foreign material impurities and sized to a nominal three-inches.

b. All quality information provided in or with this proposal is for Progress Energy's solicitation information only. Any warranty of Coal quality specifications will be subject to mutual agreement.

c. Coal Quality Specifications:

	Monthly Average	Per Shipment Reject
Btu	8:800	<8.650
Ash, %	5.50	>6.50
Moisture. %	28.0	>29.0
Sulfur, %	-----	-----
SO2, #/MMBtu	0.80	>1.20
Grind, HGI	50	<45
Size	3" x 0	-----
Ash Fusion Temp.	-----	-----
Initial Deformation	2100	-----
Softening (H=W)	2125	1950
Hemispherical (H=1/2W)	2135	-----
% Dry Chlorine	0.05	>0.29
% Volatile Matter - Dry	42.75	<30

5. **Price:**

The Coal, priced and delivered FOB the Delivery Point, is based on an "as received" heat content of 8,800 Btus per pound, a sulfur dioxide content of 0.80 pounds per million Btu (based on %S x 20,000 ÷ Btu), and other specific terms and conditions as stated in this Offer.

	2005	2006	2007
Fixed Price	[redacted]	[redacted]	[redacted]
Escalated Price	[redacted]	[redacted]	[redacted]
Annual Re-Opener	[redacted]	[redacted] (2005)	[redacted] (2006)

The **Offered Base Price of [redacted] per ton** is a fixed price set over the entire term, starting January 01, 2005 and ending December 31, 2007. The escalated price uses [redacted] per ton as the average. The annual re-opener for 2005 provides ACS the right to impose a "floor price" of [redacted], or Progress Energy the right to impose a "ceiling price" of [redacted], otherwise, the parties could negotiate a price between the two extremes.

The Offered Base Price may be adjusted as provided under Section 6.

The above price(s) do not include any sales or use taxes. Progress Energy should provide ACS with either a valid and appropriate sales tax exemption certificate or be responsible for any applicable sales or use taxes.

6. **Price Adjustments:**

a. **GOVERNMENT IMPOSITIONS:**

The base price may be adjusted for changes in ACS' taxes on Coal delivered to Progress Energy and for changes in costs, if any, incurred by ACS resulting from changes in government regulations after May 12, 2004.

b. **BTU PRICE ADJUSTMENTS:**

Pro rata (premium or discount) about 8,800 Btu/lb. basis; adjusted monthly.

c. **SULFUR PRICE ADJUSTMENT:**

If, during the month the as received weighted average SO2 varies from the basis value of 0.80 lbs SO2/mmBtu, (based on %S x 20,000 ÷ Btu) a lump

sum price adjustment (premium or discount) shall be made to account for the sulfur variation according to the formula below:

Lump Sum SO2 Price Adjustment = (0.80lbs So2/mmBtu – S) x C x I x T / 1,000,000

Where:

S = The weighted average "as-received" SO2 content (Expressed as lbs. SO2/mmBtu) of the Coal shipped to Progress Energy for the monthly period.

C = The weighted average "as-received" Btu/lb. of the Coal delivered to Progress Energy.

I = Air Daily Index: the weighted average monthly value of the Air Daily allowance Index for the previous monthly period as published in Air Daily.

T = The number of monthly tons of Coal delivered to Progress Energy.

Such calculation shall be performed by ACS and furnished to Progress Energy monthly. ACS shall apply credits/debits for such adjustments to Progress Energy's account.

d. Freeze Conditioning:

Progress Energy may require that ACS apply a freeze conditioning agent to the Coal to promote its handling in freezing weather. Progress Energy shall give ACS notice of the material and quantity to be applied to the Coal. Progress Energy shall provide ACS with reasonable advance notice of the dates to start and end the freeze conditioning program. Within 10 days of receipt of invoice, Progress Energy shall pay ACS the cost for the freeze conditioning and its application (including taxes and royalties, if applicable) to the delivered Coal. ACS shall invoice the cost of the freeze conditioning separately. Payment for the freeze conditioning service shall be made in accordance with Section 9

7. **Loading and Transportation:**

Progress Energy shall be solely responsible for the supply of adequate railcars and transportation to and from the Delivery Point. The Mine operates its loading facilities to permit Coal loading twenty-four hours per day, 363 days per year. Progress Energy shall provide unit Coal trains to the Mine(s) with a total capacity of at least 13,500 tons each as required to take delivery of the Coal. The Basis Mine has the capacity to load in excess of 150-car unit trains.

Progress Energy's railcars and unit train shall be compatible with the Mine's trackage, storage, and loading facilities and shall be ready to load upon arrival at the Delivery Point. The Mine shall load each railcar at its expense and complete the loading of all railcars in each unit train within four hours after the first empty railcar is actually placed by the railroad under the Mine's loading chute. **ACS shall not be responsible for demurrage or any other fees (including incidental costs) other than for fees directly resulting from ACS' failure to load Progress Energy's trains as provided above.**

8. **Weighing, Sampling and Analysis:**

ACS pays the costs of weighing, sampling, and analysis of the Coal performed at the Delivery Point and the results from these efforts shall govern for purposes of this Offer. Certified commercial scales at ACS' train loading facility at the Mine or Source shall determine the weight of the Coal.

Representative samples for each train shall be taken at the Mine and divided into three sample splits. ACS' independent contractor shall perform a short proximate analysis on one sample split from each trainload on an "as-received" basis in accordance with appropriate ASTM standards and such analyses shall be controlling for the agreement. Upon request, ACS shall provide one sample split to Progress Energy. The third sample split shall be used, if needed, to resolve any disputes over ACS' analyses. The cost(s) for a referee analysis will be borne by the non-prevailing party.

9. **Billing and Payment:**

Payment shall be 100% of the Base Price per ton (paid via electronic fund transfer) and due 15 days after delivery to Progress Energy at the Delivery Point. Calculations for Btu and Sulfur adjustments shall be performed monthly by ACS and furnished to Progress Energy as described in Section 6. ACS shall apply credits/debits, as the case may be, for such adjustment(s) to Progress Energy's account.

10. **Force Majeure:**

The basis for invocation of Force Majeure shall be the Basis Mine with respect to Arch's supplying the Coal hereunder and shall be the Basis Plant with respect to Progress Energy's purchase of the Coal hereunder.

11. **Miscellaneous:**

The terms and conditions within this Offer supersede Progress Energy's Terms and Conditions stated in the solicitation, dated April 12, 2004. **Any change(s) to this Offer by Progress Energy constitute a counter-offer and will alter the Selling Price and/or volumes as, and if, mutually agreed.**

Acceptance of this Offer shall be covered by a negotiated agreement based on the terms of this proposal and any negotiated terms and conditions between ACS and Progress Energy. Upon verbal acceptance by Progress Energy or its authorized agents, ACS reserves the right to cancel or withhold shipments, at no obligation to ACS, pending receipt of a signed agreement by Progress Energy or its authorized agents and Arch. **This Offer is expressly made conditional upon the terms and conditions herein.**

This proposal shall remain open until 4:00 P.M. Central Prevailing Time, May 26, 2004. After this time, the above proposal shall expire and Arch Coal Sales shall have no further obligation to honor this proposal unless agreed to in writing by ACS.

Please call me at (314) 994 – 2842, if you need further information or have any questions.

Very truly yours,

Kenneth F. Hodak, Esq.
Sr. VP Regional Sales

cc: Dave Warnecke, Arch Coal Sales Company, Inc.
Al Pitcher, Progress Fuels Corporation

Encl. (5) Typical Quality Specifications (Black Thunder Mine), and
Progress Energy's Coal Producer's Solicitation Forms

PROGRESS FUELS CORPORATION

ARCH COAL SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PRB COAL

PRODUCER NAME: **Arch Coal Sales Company, Inc., by itself, and acting as agent for the operating subsidiaries of Arch Coal, Inc.**

STREET ADDRESS: **1 City Place, Suite 600**

CONTACT: **Ken Hodak, Esq.** | TELEPHONE NO **(314) 994 - 2842**

MINE(S): **Black Thunder Mine** BOM DISTRICT: **48-00977** | COUNTY: **Campbell/Johnson** | STATE: **Wyoming**

ORIGIN RAILROAD(S)/DISTRICT: **BNSF/UPSP** | R/R TIPPLE DESIGNAITON/NUMBER: **33403**

TYPE OF LOADING FACILITY:
UNIT TRAIN: X SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
10,000 TONS **ONE** HOUR **400 CARS** TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES _____ NO IMPORT COAL: LOAD PORT _____

SHIP THROUGH: **NEGOTIABLE** LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: **6,000,000 TONS**

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: **6,000,000 TONS**

SEAMS: **Wyodak – Anderson** | BLEND RATIOS: **50/50**

TYPE OF LABOR CONTRACT(S): **Non-Union** | DATE FOR RENEGOTIATION: **N/A**

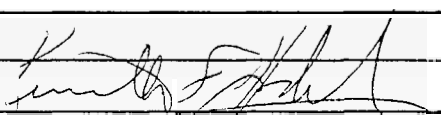
TYPE OF COAL WEIGHING: **Ramsey Scales Batch Weigh System** | SCALE CERTIFIED? **X YES, twice per year** _____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
SEE, COVER LETTER	SEE, COVER LETTER	SEE, COVER LETTER

PRODUCER'S COMMENTS

CREDIT REFERENCES (Minimum two)

INDUSTRY REFERENCES (Minimum four):

SIGNATURE:  | TITLE: **Sr. VP, Regional Sales** | DATE: **May 12, 2004**

DESCRIPTION See, Attachment.	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	26.80	28.00	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	0.80	---	5.0% MAX.	5.0% MAX.
ASH %	5.47	5.50[4]	10.0% MAX.[2]	7.8% MAX.
SULFUR DIOXIDE (LB/MBTU)	0.68	0.80	1.2 LB/MAX.[1]	1.2 LB/MAX.
BTU/LB	8,852	8,800[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)	2,110	2,125[4]	2,500 MIN.	2,200 MIN.
VOLATILE %	31.34	42.75[4]	31.0% MIN.[1]	31.0% MIN.
GRINDABILITY, HARDGROVE	55	50[4]	42 MIN.[3]	65 MIN.
SIZE	3" X 0	3" X 0	2" X 0"	2" X 0
FINES (-1/4" X 0")	<26%	>26%	45% MAX.[5]	30% MAX.
PYRITIC SULFUR	0.06	---	0.2% MAX.[1]	0.2% MAX.
FIXED CARBON %	36.39	---	---	
HYDROGEN %	5.44	---	---	
NITROGEN %	0.94	---	---	
CHLORINE %	0.02	---	---	
OXYGEN %	14.91	---	---	

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.30		Antimony	0.15	
SiO_2	38.48		Arsenic	1.30	
Fe_2O_3	5.97		Beryllium	0.28	
Al_2O_3	16.60		Cadmium	0.07	
TiO_2	1.44		Chromium	4.25	
CaO	19.85		Cobalt	1.95	
MgO	4.10		Fluorine	34.05	
SO_3	10.10		Lead	2.10	
K_2O	0.46		Lithium	2.70	
Na_2O	1.17		Manganese	10.50	
Undetermined	0.29		Mercury	0.06	
Base/Acid Ratio	0.56		Nickel	4.50	
Maximum Base/Acid Ratio			Selenium	083	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROJECTED QUALITY

DESCRIPTION SEE, ATTACHMENT	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %		[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB		[4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)		[4]	2,500 MIN.	2,200 MIN.
VOLATILE %		[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %			---	---
HYDROGEN %			---	---
NITROGEN %			---	---
CHLORINE %			---	---
OXYGEN %			---	---

[1]Must be met on an individual shipment basis
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

ARCH COAL, INC.

Typical Quality Specifications
Black Thunder
Compliance - Low Ash

4th Quarter 2003

Proximate Analysis	
Moisture	26.80%
Ash	5.47%
Sulfur	0.30%
BTU	8,852
MAF BTU	13,069
Pounds SO2/MM BTU	0.68
Pounds Ash/MM BTU	6.18
Ash To Sulfur Ratio	18.23
% Volitile Matter	31.34%
% Fixed Carbon	36.39%

Ash Fusion Temperatures (Deg F)	
Reducing	
Initial	2,075
Softening	2,090
Hemispherical	2,110
Final	2,140
Oxidizing	
Initial	2,190
Softening	2,205
Hemispherical	2,210
Final	2,230

Ultimate Analysis (Dry Basis)	
Moisture	NA
Ash	7.47%
Hydrogen	5.44%
Carbon	70.83%
Nitrogen	0.94%
Sulfur	0.41%
Oxygen	14.91%
Chlorine	0.02%

Sulfur Forms	
Pyritic	0.06%
Sulfate	0.00%
Organic	0.35%
Total	0.41%

Ash Mineral Analysis -Ignited Basis	
Silicon Dioxide	38.48%
Aluminum Oxide	16.60%
Titanium Dioxide	1.44%
Sulfur Trioxide	10.10%
Calcium Oxide	19.85%
Potassium Oxide	0.46%
Magnesium Oxide	4.10%
Sodium Oxide	1.17%
Iron Oxide	5.97%
Phosphorus Pentoxide	1.30%
Manganese Dioxide	0.02%
Strontium Oxide	0.26%
Barium Oxide	0.54%
Undetermined	-0.29%

Other Information	
Hardgrove Grindability Index	55
Free Swelling Index	0
Equilibrium Moisture	26.00%
Base - Acid Ratio	0.56
% Acidic	56.52%
% Basic	31.55%
SI/AL Ratio	2.32
T-250	2,268
Mercury PPM	0.07

The information depicted on this document is intended for informational purposes only and represents typical results from laboratory analysis procedures using prescribed ASTM methods. As with any tests, results will vary with sampling methods, equipment, technicians, etc. Typical results may also vary due to geologic influences iwthin the mining reserve area.

ARCH COAL, INC.

Typical Quality Specifications - Trace Elements
Black Thunder
All Values in Parts per Million (PPM)

4th Quarter 2003

Trace Elements (PPM)	
Antimony	0.15
Arsenic	1.30
Barium	336.25
Beryllium	0.28
Boron	43.50
Bromine	12.25
Cadmium	0.07
Chlorine	116.75
Chromium	4.25
Cobolt	1.95
Copper	11.00
Flourine	34.05
Lead	2.10
Lithium	2.70

Trace Elements (PPM)	
Manganese	10.50
Mercury	0.06
Molybdenum	0.51
Nickel	4.50
Selenium	0.83
Silver	0.10
Strontium	154.00
Thallium	0.09
Tin	0.35
Uranium	0.50
Vanadium	15.00
Zinc	11.00
Zirconium	12.85

CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD

BRISTOL, VIRGINIA 24202

TELEPHONE (276) 669-8599 FAX (276) 669-3543

May 11, 2004

Mr. A.W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corp.
200 Central Avenue
St. Petersburg, FL 33701

Dear Mr. Pitcher:

Central Coal Company is pleased to submit the attached proposal for your review and consideration. This proposal is subject to the following conditions:

- Prior Sale of the coal.
- Negotiation and execution of a mutually agreeable coal supply agreement.

Central Coal Company appreciates the opportunity to submit this proposal and will be glad to answer any questions you may have concerning it.

Best Regards,

Clark Wisman

Clark Wisman
Sales

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 1 OF 3

PRODUCER NAME:	Central Coal Company		
STREET ADDRESS:	148 Bristol East Road, Bristol, VA 24202		
CONTACT:	Clark Wisman	TELEPHONE NO	276-669-8599
MINE(S):	Kanawha Eagle BOM DISTRICT: 8	COUNTY: Kanawha	STATE: WV
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____		R/R TIPPLE DESIGNATION/NUMBER:	
TYPE OF LOADING FACILITY: UNIT TRAIN: _____	SINGLE CAR: _____	TRAINLOAD _____	
MAXIMUM LOADING CAPACITY _____ TONS	_____ HOURS	_____ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES ____ NO	IMPORT COAL: LOAD PORT Kanawha River		
SHIP THROUGH: Winifrede DOCK	LOAD RATE:: _____		
TOTAL PRODUCTION CAPACITY PER MONTH: 250,000 TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 200,000 TONS			
TYPE OF MINE: 100% DEEP	_____% STRIP	_____% AUGER	
SEAMS: Coalburg	BLEND RATIOS: 100		
COAL PREPARATION: _____ RAW	100 WASHED	_____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Heavy Media			
TYPE OF COAL SAMPLING: J.B. Long Automatic			
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Draft Weights	SCALE CERTIFIED? ____YES ____NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
Jan 2005 - Dec 2006	25,000 TPM	[redacted] FOB Barge

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Coal Subject to Prior Sale

CREDIT REFERENCES (Minimum two): Wachovia
Caterpillar

INDUSTRY REFERENCES (Minimum four): Duke Power
Progress Energy Carolina

SIGNATURE: Clark Wisman	TITLE: Sales	DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	8.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.0	5.0	5.0% MAX.	5.0% MAX
ASH %	11.0	12.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.2	1.2	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,300	12,300 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	33.00	31.00 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45	42 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0	2" X 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	.2	.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	70.05	68.00	———	———
HYDROGEN %	4.55	4.0	———	———
NITROGEN %	1.34	1.5	———	———
CHLORINE %	.2	.2	———	———
OXYGEN %	7.3	8.0	———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	.21	.03	Antimony		
SiO_2	59.77	3.0	Arsenic		
Fe_2O_3	2.63	.50	Beryllium		
Al_2O_3	29.80	2.0	Cadmium		
TiO_2	2.10	.50	#Chromium		
CaO	1.12	.20	Cobalt		
MgO	.77	.05	Fluorine		
SO_3	.38	.05	Lead		
K_2O	2.68	.30	Lithium		
Na_2O	.27	.03	Manganese		
Undetermined	.27	.02	Mercury		
Base/Acid Ratio	.08	.02	Nickel		
Maximum Base/Acid Ratio	.15	.02	Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

CMC
Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

May 12, 2004

Mr. Al W. Pitcher
Vice President Coal Procurement
Progress Energy
St. Petersburg, Florida 33701
USA

Dear Al:

We appreciate the opportunity to make the following proposal for the supply of Cerrejon coal to Progress Energy, for its Crystal River Plant in Florida, under the following terms and conditions:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from January 1 to December 31, 2005.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Tonnage

CMC would be willing to supply 400,000 short tons of Quality C coal and 200,000 short tons of Quality B coal during calendar year 2005, at final dates to be mutually agreed.

Delivery

Coal would be supplied either CIF Electrocoal Terminal, New Orleans, or CIF McDuffie, Mobile. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Quality

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Typical Coal Analysis	Typical	Typical	ASTM Test Nr.
Calorific value (Btu/lb gar)	11,800	11,600	D1989
Total moisture (wt percent)	11.4	11.6	D3302
Ash (wt percent)	7.3	8.2	D3174
Volatile Matter (wt percent)	34.0	33.4	D3175
Sulfur (wt percent)	0.6	0.6	D4239C
Hardgrove Index	48	48	D409
Nominal Top Size (mm)	50	50	D4749
% below 1/4 inch	45	45	
SO2/MBTU	1.0	1.12	
Carbon (wt percent)	65.5	65.2	
Hydrogen (wt percent)	4.6	4.6	
Nitrogen (wt percent)	1.2	1.2	
Chlorine (wt percent)	0.03	0.03	
Oxygen (wt percent)	8.1	8.1	

Note: CMC recognizes that our B coal does not comply with your pyritic sulfur restrictions for non compliance coal, but offers this quality as an alternative

Price

CMC would supply low sulfur thermal coal, as stated in your bid forms, at the price of:

- US$[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
- US$[redacted] per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar
- US$[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
- US$[redacted] per short ton CIF McDuffie, Mobile at 11,600 Btu/lb gar

These are indicative prices, valid 20 days after May12, 2004, subject to CMC's Board approval

Scheduling

Delivery schedule would be mutually agreed.

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Expiration

This indicative proposal is valid 20 days after May 12, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to further discuss our offer, at your convenience.

Sincerely,

Francisco García

Francisco J. Garcia

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 1 OF 3

CONTACT: Francisco J. Garcia –Marketing Manager-	TELEPHONE NO. 57-5-350-2123	
MINE(S): Cerrejon, Colombia BOM DISTRICT: N/A	COUNTY: N/A	STATE: N/A
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other: Imported Coal	R/R TIPPLE DESIGNATION/NUMBER: N/A	

MAXIMUM LOADING CAPACITY: N/A
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: __X__ YES _____ NO IMPORT COAL: Cerrejon, Colombia LOAD PORT: Puerto Bolivar, Colombia

SHIP THROUGH: _____ DOCK LOAD RATE: 6,000 short tons per hour

TOTAL PRODUCTION CAPACITY PER MONTH: 2.5 Million short TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 500,000 short TONS

TYPE OF MINE: _____% DEEP 100 % STRIP _____% AUGER

SEAMS: Multiseam operation | **BLEND RATIOS:**

COAL PREPARATION: __X__ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: Automatic sweep arm type, manufactured by J. B. Long

TYPE OF LABOR CONTRACT(S): Union | **DATE FOR RENEGOTIATION: 2005**

TYPE OF COAL WEIGHING: Vessel Draft Survey | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON
January 1 – December 31, 2005	200,000 short tons	[redacted] per short ton CIF McDuffie, Mobile @ 11,800 Btu/lb gar Indicative price, valid for 20 days after May 12, 2004, subject to CMC's Board approval

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN **"X"** IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four): JEA, Southern Company, Nova Scotia Power, New Brunswick Power

SIGNATURE: Francis Garcia | TITLE: Marketing Manager | DATE: May 12, 2004

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

CURRENT QUALITY

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

DESCRIPTION	OFFERED COAL SPECIFICATIONS **CERREJON "B" COAL**		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	**11.4**	**12.0**	8.0% MAX
SURFACE MOISTURE %	**2.5**	**3.0**	5.0% MAX
ASH %	**7.3**	**8.3**	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	**1.0**	**1.2**	2.1 LB/MAX.[1]
BTU/LB	**11,800**	**11,800**	12,000/LB MIN
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	**2350**	**2290**	2,500 MIN
VOLATILE %	**34.0**	**33.0**	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	**48**	**45**	42 MIN.
SIZE	**2"X 0"**	**2"X 0"**	2" X 0"
FINES (-1/4" X 0") %	**45**	**51**	45% MAX
FIXED CARBON %	**47.3**		----------
HYDROGEN %	**4.6**		----------
NITROGEN %	**1.2**		----------
CHLORINE %	**0.03**		----------
OXYGEN %	**8.6**		----------

MINERAL ANALYSIS %WEIGHT

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	**0.21**	**0.02**	Antimony	**0.9**	
SiO_2	**60.3**	**0.75**	Arsenic	**3.0**	
Fe_2O_3	**8.3**	**0.5**	Beryllium	**0.7**	
Al_2O_3	**20.2**	**1.0**	Cadmium	**0.4**	
TiO_2	**1.0**	**0.1**	Chromium	**11**	
CaO	**2.4**	**0.2**	Cobalt	**1.0**	
MgO	**2.2**	**0.3**	Fluorine	**51**	
SO_3	**2.1**	**0.25**	Lead	**3.0**	
K_2O	**2.2**	**0.3**	Lithium	**1.9**	
Na_2O	**0.6**	**0.15**	Manganese	**69**	

Undetermined	0.49		Mercury	<0.1	
Base/Acid Ratio	0.19	0.02	Nickel	10	
Maximum Base/Acid Ratio	0.23		Selenium	3.0	

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
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ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2350	2290	2,500 MIN
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FIXED CARBON %	47.3		----------
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OXYGEN %	8.6		----------

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV	DESCRIPTION	AVERAGE	STD DEV
P_2O_5	0.21	0.02	Antimony	0.9	
SiO_2	60.3	0.75	Arsenic	3.0	
Fe_2O_3	8.3	0.5	Beryllium	0.7	
Al_2O_3	20.2	1.0	Cadmium	0.4	
TiO_2	1.0	0.1	Chromium	11	
CaO	2.4	0.2	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO_3	2.1	0.25	Lead	3.0	
K_2O					

Na_2O	**0.6**	**0.15**	Manganese	**69**	
Undetermined	**0.49**		Mercury	**<0.1**	
Base/Acid Ratio	**0.19**	**0.02**	Nickel	**10**	
Maximum Base/Acid Ratio	**0.23**		Selenium	**3.0**	
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

CMC
Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

May 12, 2004

Mr. Al W. Pitcher
Vice President Coal Procurement
Progress Energy
St. Petersburg, Florida 33701
USA

Dear Al:

We appreciate the opportunity to make the following proposal for the supply of Cerrejon coal to Progress Energy, for its Crystal River Plant in Florida, under the following terms and conditions:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from January 1 to December 31, 2005.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Tonnage

CMC would be willing to supply 400,000 short tons of Quality C coal and 200,000 short tons of Quality B coal during calendar year 2005, at final dates to be mutually agreed.

Delivery

Coal would be supplied either CIF Electrocoal Terminal, New Orleans, or CIF McDuffie, Mobile. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Quality

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Typical Coal Analysis	Typical	Typical	ASTM Test Nr.
Calorific value (Btu/lb gar)	11,800	11,600	D1989
Total moisture (wt percent)	11.4	11.6	D3302
Ash (wt percent)	7.3	8.2	D3174
Volatile Matter (wt percent)	34.0	33.4	D3175
Sulfur (wt percent)	0.6	0.6	D4239C
Hardgrove Index	48	48	D409
Nominal Top Size (mm)	50	50	D4749
% below 1/4 inch	45	45	
SO2/MBTU	1.0	1.12	
Carbon (wt percent)	65.5	65.2	
Hydrogen (wt percent)	4.6	4.6	
Nitrogen (wt percent)	1.2	1.2	
Chlorine (wt percent)	0.03	0.03	
Oxygen (wt percent)	8.1	8.1	

Note: CMC recognizes that our B coal does not comply with your pyritic sulfur restrictions for non compliance coal, but offers this quality as an alternative

Price

CMC would supply low sulfur thermal coal, as stated in your bid forms, at the price of:

"D" Coal

- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
- US[redacted] per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar

"A" Coal

- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
- US[redacted] per short ton CIF McDuffie, Mobile at 11,600 Btu/lb gar

These are indicative prices, valid 20 days after May12, 2004, subject to CMC's Board approval

Scheduling

Delivery schedule would be mutually agreed.

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Expiration

This indicative proposal is valid 20 days after May 12, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to further discuss our offer, at your convenience.

Sincerely,

Francisco Garcia

Francisco J. Garcia

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Coal Marketing Company Ltd –CMC-

STREET ADDRESS: 7 Bachelor's Walk, Dublin 1, Ireland

CONTACT: Francisco J. Garcia –Marketing Manager- | TELEPHONE NO. 57-5-350-2123

MINE(S): Cerrejon, Colombia BOM DISTRICT: N/A | COUNTY: N/A | STATE: N/A

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other: Imported Coal | R/R TIPPLE DESIGNATION/NUMBER: N/A

TYPE OF LOADING FACILITY: Imported coal
UNIT TRAIN: N/A SINGLE CAR: N/A TRAINLOAD: N/A

MAXIMUM LOADING CAPACITY: N/A
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: __X__ YES _____ NO IMPORT COAL: Cerrejon, Colombia LOAD PORT: Puerto Bolivar, Colombia

SHIP THROUGH: _____DOCK LOAD RATE: 6,000 short tons per hour

TOTAL PRODUCTION CAPACITY PER MONTH: 2.5 Million short TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 500,000 short TONS

TYPE OF MINE: _____% DEEP 100 % STRIP _____% AUGER

SEAMS: Multiseam operation | BLEND RATIOS:

COAL PREPARATION: ___X___ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: Automatic sweep arm type, manufactured by J. B. Long

TYPE OF LABOR CONTRACT(S): Union | DATE FOR RENEGOTIATION: 2005

TYPE OF COAL WEIGHING: Vessel Draft Survey | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON
January 1 – December 31, 2005	200,000 short tons	[redacted] per short ton CIF NOLA @ 11,800 Btu/lb gar Indicative price, valid for 20 days after May 12, 2004, subject to CMC's Board approval

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN **"X"** IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four): JEA, Southern Company, Nova Scotia Power, New Brunswick Power

SIGNATURE: Francisco Garcia | TITLE: Marketing Manager | DATE: May 12, 2004

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

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PHONE NO. 727/824-6670
FAX NO. 727/824-6601

CURRENT QUALITY

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CHLORINE %	**0.03**		----------
OXYGEN %	**8.6**		----------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] **ADJUSTABLE IN DIRECT PROPORTION TO BTU.**
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
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TiO_2	1.0	0.1	Chromium	11	
CaO	2.4	0.2	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
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Maximum Base/Acid Ratio	**0.23**		Selenium	**3.0**	



CONSOL ENERGY™

CONSOL Energy Inc.
3330 Cumberland Blvd.
Suite 440
Atlanta, GA 30339

phone: 770/951-2625
fax: 770/951-0601
e-mail: dennisduffy@consolenergy.com
voice mai: 770/951-0060

DENNIS P. DUFFY
General Sales Manager

May 10, 2004

Mr. A. W. "Al" Pitcher
Vice President, Coal Procurement
Progress Energy - Florida.
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Dear Al,

Confirming conversation today, **CONSOL** regrets to advise we do not have any coal to offer Progress Energy for your 4-12-04 bid solicitation. At this time, remaining unsold tons for 2005 are above 2.1 lbs. So2.

I look forward to discussions on the continuation of our current contract later this year. Thank you for your consideration.

Yours truly,

Dennis

Dennis P. Duffy

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Wednesday, May 19, 2004 10:35 AM
To: 'Sanz-Guerrero, Rolando'
Subject: RE: DTE

No problem. We have completed our review and evaluation. Your PRB bid was very competitive, but at the present time we are not going to purchase any additional, beyond our commitment with Peabody, PRB coal. I have made several purchases from Central Appalachia for 2005 and 2006 from the RFP both rail direct, rail to river, and truck to river. Our foreign purchases are taken care of for 2005 and 2006. Thanks for your interest and we will put a deal together at some point.

Al Pitcher

-----Original Message-----
From: Sanz-Guerrero, Rolando [mailto:SanzguR@dtecs.com]
Sent: Wednesday, May 19, 2004 10:25 AM
To: Pitcher, Al (PFC)
Subject: DTE

Al:

I don't know if it is proper for me to communicate with you while you are looking at the bids. If it is not, please forgive me and read no further.

I need to ask you for a big favor. This RFP has received notice from our President and he is anxious to receive information about our bid. To the extent possible, could you keep me updated of your time line and our ranking in this process. I am sure you remember the old days of sales where everyone pushes you to get as much information as possible regarding the bid submitted.

Please remember that our proposal that includes the supply of coal expires at the end of the day (may 20th). If we are close to the top and you would like us to extend the firmness of the offer, please let me know.

I would rather talk to you via phone or in person but I do not know Progress's policy in the middle of bid selection, please advise.

Thank you and have a great day!

Rolando

*** PROPRIETARY, CONFIDENTIAL OR PRIVILEGED COMMUNICATION *** This communication may contain proprietary, privileged or confidential information protected by law. It is solely for the use of the intended recipient named above. Any review, dissemination, distribution, forwarding, or copying of this communication by someone other than the intended recipient, or the employee responsible for delivering this communication to the intended recipient, is prohibited. If you have received this communication in error, please immediately notify the sender via email, then destroy the original message.

Ott, Robin (PFC)

From: Pitcher, Al (PFC)
Sent: Wednesday, May 12, 2004 12:02 PM
To: Ott, Robin (PFC)
Subject: FW: DTE Offer Summary

FYI.

Al Pitcher

-----Original Message-----
From: Rolando Sanz-Guerrero [mailto:rsanzg@attwireless.blackberry.net]
Sent: Wednesday, May 12, 2004 12:01 PM
To: Pitcher, Al (PFC)
Subject: Re: DTE Offer Summary

Oops...sorry.
Rolando
-----Original Message-----
From: "Pitcher, Al (PFC)" <APitcher@progressfuels.com>
Date: Wed, 12 May 2004 11:59:36
To:<rsanzg@attwireless.blackberry.net>
Subject: RE: DTE Offer Summary

Our procedures do not allow for me to see this information prior to 5:00 PM. Robin will enclose it with the bids. **Please do not send this type of information in the** future prior to the expiration of the RFP submission.

Al Pitcher

-----Original Message-----
From: Sanz-Guerrero, Rolando [mailto:SanzguR@dtecs.com]
Sent: Wednesday, May 12, 2004 11:49 AM
To: Pitcher, Al (PFC)
Subject: DTE Offer Summary

Al:

I sent all the official offers to Robin as requested in the RFP. I wanted to summarize the different options for your information.

All offers are for minimum one train/month (168,000 tons) and up to 3 trains/month (504,000 tons). All offers are for calendar 2005.

* Offer one- This covers both rail cars and transportation to the Cora terminal. The price is [redacted] / ton. This offer is good for 30 days, as requested.

* Offer two- The price includes rail cars, transportation and Cora terminal fees, in other words FOB Barge mile post Cora terminal. The Price is [redacted]/ton plus [redacted]/ton if the transfer is from rail to barge directly. If the transfer is from rail to ground to barge the fee is [redacted]/ton. This offer is also good for 30 days, as requested.

* Offer three- The price includes Offer two plus Coal supply. The price is [redacted]/ton for direct transload from train to barge and [redacted]/ton if reclaimed from ground to barge. Because of the volatility of Coal prices, DTE can make this Offer firm for one week (May 20,2004). After that date I need to reconfirm the coal price.

I hope this e-mail finds you well. Please call me if you have any questions or when you have some information on the short list.

Have a great day!

Rolando

734-913-5877

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DTE Energy

DTE Coal Services

425 South Main St., Suite 201
Ann Arbor, MI 48104
Telephone: (734) 913-5877
Facsimile: (734) 994-5849
Email: sanzgur@dtecs.com

Rolando Sanz-Guerrero
Director of Sales

3 BIDS

Tuesday, May 11, 2004

VIA Fed-ex

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

COAL SUPPLY AND TRANSPORTATION PROPOSAL (FOB BARGE)

Dear Mrs. Ott:

In response to your recent request for proposal, DTE Coal Services ("Seller") proposes the supply of coal and transportation to Progress Fuels Corporation ("Buyer") based on the terms shown below.

1. **PROPOSAL SUMMARY**

   Up to 3 trains/mo of 8800 Btu/Lb., 0.8 Lb SO2/MMBtu SPRB coal delivered from January 1, 2005 – December 31 2005 (APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

2. **TERM**

   January 1, 2005 – December 31, 2005.

3. **QUANTITY**

   36 trains (APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

4. **SOURCE**

   The source of the coal would be one or more joint-line served Southern Powder River Basin mines (the "Mine") in Campbell or Converse Counties, Wyoming. Sources could include coal from any of the following mines: Black Thunder, Antelope, North Rochelle or the North Antelope/Rochelle Complex.

5. **DELIVERY POINT**

The Delivery Point for the coal would be F.O.B. Barge (Cora). Title and risk of loss would pass to Buyer at the Delivery Point.

6. QUALITY

a. The coal would be substantially free of magnetic material and other foreign material impurities.

b. The typical coal quality for the coal to be shipped during the term of this agreement is shown below. All quality information provided in or with this proposal is for Buyer's information only, and will not constitute a warranty. Any warranty will be subject to mutual agreement.

	Wt. Av.	Train Rej.
Btu/Lb.	8800	8600
Lb. SO2/MMBtu	0.8	1.2
Moisture %	27	N/A
Ash %	5.5	N/A

7. PRICE

The Price would be [redacted]/ton on a direct transload to barge from train.

The Price would be $[redacted]/ton if coal is reclaimed from ground storage to barge.

The above Price does not include any sales or use taxes. Buyer would either provide Seller with a valid Wyoming sales tax exemption certificate or be responsible for any applicable sales or use taxes.

The Price would be adjusted for changes in Seller's royalties and taxes on coal delivered to Buyer and for changes in costs incurred by Seller resulting from changes in government regulations.

8. STORAGE

If Storage is required at Cora terminal the fees are a s follows:

- First 50,000 tons- Free
- Anything over 50,000- [redacted]/ton/month

9. PRICE ADJUSTMENT FOR HEAT CONTENT VARIATION

The Price will be adjusted, at the end of each month, to reflect actual calorific value of the coal received during such month according to the following formula:

BTU Adjusted Price = Price x (1+(Actual BTU – Typical BTU)/Typical BTU)

10. PRICE ADJUSTMENT FOR SULFUR CONTENT VARIATION

The Price will be adjusted, at the end of each month, to reflect actual SO2 value of the coal received during such month according to the following formula:

SO2 Adjusted Price = [0.8-Actual Monthly Weighted Average SO2(lbSO2/mmbtu)] x Monthly Weighted Average Btu/lb/1,000,000 x Spot Price of SO2 Emission Allowances. Where: Spot Price of SO2 Emission Allowances for any given delivery month would be calculated by averaging the weekly SO2 indices published in Energy Argus' Air Daily (e.g., spot price for allowances for January 2000 would be calculated by averaging the weekly indices published in Energy Argus' Air Daily during January 2000.)

11. PROPOSAL VALIDITY PERIOD

Subject to prior sale, this proposal will remain valid until close of business on May 20, 2004. Following that date, this proposal will be subject to Seller's reconfirmation.

The supply of Coal would be covered by an agreement to be negotiated and mutually agreed upon, based on the terms of this proposal, along with other terms and provisions usually included in Coal supply agreements. Any agreement would be subject to the approval of the management of Seller and Buyer. In addition, the final contract between the parties would be subject to both parties' review and acceptance of the other party's credit status.

Please call me at (734) 913-5877 if you need further information or have any questions.

Sincerely,

Rolando Sanz-Guerrero

Director of Sales, DTECS

Proximate Analysis	
Moisture	26.70%
Ash	5.64%
Sulfur	0.30%
BTU	8796
MAF BTU	13001
Pounds SO2/MM BTU	0.69
Pounds Ash/MM BTU	6.42
Ash To Sulfur Ratio	18.72
Volitile Matter	31.65
Fixed Carbon	36.00

Ash Fusion Temperatures (Deg F)	
Reducing	
Initial	2138
Softening	2160
Hemispherical	2173
Fluid	2231
Oxidizing	
Initial	**2224**
Softening	**2232**
Hemispherical	2256
Fluid	2320

Ultimate Analysis (Dry Basis)	
Moisture	NA
Ash	7.70%
Hydrogen	4.68%
Carbon	70.83%
Nitrogen	0.79%
Sulfur	0.41%
Oxygen	15.59%

Sulfur Forms	
Pyritic	0.04%
Sulfate	0.01%
Organic	0.25%
Total	0.31%

Ash Mineral Analysis -Ignited Basis	
Silicon Dioxide	39.83%
Aluminum Oxide	16.54%
Titanium Dioxide	1.36%
Ferric Oxide	5.26%
Sulfur Trioxide	8.20%
Calcium Oxide	19.80%
Potassium Oxide	0.59%
Magnesium Oxide	4.04%
Sodium Oxide	1.26%
Iron Oxide	5.26%
Phosphorus Pentoxide	1.00%
Manganese Dioxide	0.02%
Strontium Oxide	0.27%
Barium Oxide	0.51%
Undetermined	1.57%

Other Information	
Hardgrove Grindability Index	51
Free Swelling Index	0.0
Equilibrium Moisture	25.98%
Base - Acid Ratio	0.54
% Acidic	57.73%
% Basic	30.95%
SI/AL Ratio	2.41
T250 - Deg F	2290

The information depicted on this document is intended for informational purposes only and represents typical results from laboratory analysis procedures using prescribed ASTM methods. As with any tests, results will vary with sampling methods, equipment, technicians, etc. Typical results may also vary due to geologic influences within the mining reserve area.

DTE Energy

DTE Coal Services

425 South Main St., Suite 201
Ann Arbor, MI 48104
Telephone: (734) 913-5877
Facsimile: (734) 994-5849
Email: sanzgur@dtecs.com

Rolando Sanz-Guerrero
Director of Sales

Tuesday, May 11, 2004

VIA Fed-ex

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

COAL TRANSPORTATION SUPPLY PROPOSAL (FOB BARGE)

Dear Mrs. Ott:

In response to your recent request for proposal, DTE Coal Services ("Seller") proposes the supply of Transportation to Progress Fuels Corporation ("Buyer") based on the terms shown below.

1. **PROPOSAL SUMMARY**

   Up to 3 trains/mo of Southern Powder River Basin ("SPRB") coal transportation and coal terminal transfer delivered from January 1, 2005 – December 31 2005 (Up to APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

2. **TERM**

   January 1, 2005 – December 31, 2005.

3. **QUANTITY**

   36 trains (APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

4. **SOURCE**

   The source of the coal supply could be from any one or more joint-line served SPRB mines (the "Mine") in Campbell or Converse Counties, Wyoming.

5. **DELIVERY POINT**

The Delivery Point for the coal would be the Cora Terminal in Seller's provided rail cars.

6. PRICE

The Transportation Price would be $[redacted]/ton to Cora Terminal; an additional fee would be assessed as a transfer fee according to the following:

- If direct from railcar to barge the fee would be an additional [redacted]/ton
- If the coal goes from Railcar to ground to barge the fee would be an additional [redacted]/ton

Storage fees are as follows:

- First 50,000 tons – Free
- Anything over 50,000 tons would cost an additional [redacted]/ton/month.

This price includes (a) rail rate from Mine and (b) rail cars to Delivery Point. Plus any transfer fees to the barge

The above price does not include the price for the Coal. Buyer to provide coal at Mine.

7. PROPOSAL VALIDITY PERIOD

This proposal will remain valid until close of business on June 12, 2004. Following that date, this proposal will be subject to Seller's reconfirmation.

The supply of Transportation would be covered by an agreement to be negotiated and mutually agreed upon, based on the terms of this proposal, along with other terms and provisions usually included in Transportation supply agreements. Any agreement would be subject to the approval of the management of Seller and Buyer. In addition, the final contract between the parties would be subject to both parties' review and acceptance of the other party's credit status.

Please call me at (734) 913-5877 if you need further information or have any questions.

Sincerely,

Rolando Sanz-Guerrero

Director of Sales, DTECS

DTE Energy

DTE Coal Services

425 South Main St., Suite 201
Ann Arbor, MI 48104
Telephone: (734) 913-5877
Facsimile: (734) 994-5849
Email: sanzgur@dtecs.com

Rolando Sanz-Guerrero
Director of Sales

Tuesday, May 11, 2004

VIA Fed-ex

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

COAL TRANSPORTATION SUPPLY PROPOSAL
(FOB CORA TERMINAL)

Dear Mrs. Ott:

In response to your recent request for proposal, DTE Coal Services ("Seller") proposes the supply of Transportation to Progress Fuels Corporation ("Buyer") based on the terms shown below.

1. **PROPOSAL SUMMARY**

   Up to 3 trains/mo of Southern Powder River Basin ("SPRB") coal Transportation delivered from January 1, 2005 – December 31 2005 (Up to APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

2. **TERM**

   January 1, 2005 – December 31, 2005.

3. **QUANTITY**

   36 trains (APPROXIMATELY 504,000 tons, assuming 14,000 ton trains).

4. **SOURCE**

   The source of the coal supply could be from any one or more joint-line served SPRB mines (the "Mine") in Campbell or Converse Counties, Wyoming.

5. **DELIVERY POINT**

The Delivery Point for the coal would be the Cora Terminal in Seller-provided railcars.

6. PRICE

The Transportation Price would be [redacted]/ton.

This price includes (a) rail rate from Mine and (b) rail cars from Source (s) to Delivery Point.

The above price does not include the price for the Coal. Buyer to provide coal at Mine.

7. PROPOSAL VALIDITY PERIOD

This proposal will remain valid until close of business on June 12, 2004. Following that date, this proposal will be subject to Seller's reconfirmation.

The supply of Transportation would be covered by an agreement to be negotiated and mutually agreed upon, based on the terms of this proposal, along with other terms and provisions usually included in Transportation supply agreements. Any agreement would be subject to the approval of the management of Seller and Buyer. In addition, the final contract between the parties would be subject to both parties' review and acceptance of the other party's credit status.

Please call me at (734) 913-5877 if you need further information or have any questions.

Sincerely,

Rolando Sanz-Guerrero
Director of Sales, DTECS

2 BIDS

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: GLENCORE LTD. OFFER A

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

CONTACT: JOHN McCONAGHY | TELEPHONE NO. 203-328-4958

MINE(S): CALENTURITAS (COLOMBIA) BOM DISTRICT: | COUNTY: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER:

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
15,000 TONS 24 HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO IMPORT COAL: LOAD PORT PUERTO PRODECO, COLOMBIA

SHIP THROUGH: IMT OR TECO NEW ORLEANS, LA DOCK UNLOAD RATE:: 10,000 MT SHINC PER DAY

TOTAL PRODUCTION CAPACITY PER MONTH: 200,000 MT TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 200,000 MT TONS

TYPE OF MINE: _____% DEEP 100 % STRIP _____% AUGER

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

TYPE OF LABOR CONTRACT(S): COLLECTIVE | DATE FOR RENEGOTIATION: 2007

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
JANUARY – DECMEBER 2005 EVENLY SPREAD	150,000 NT +/- 10% IN SELLERS OPTION	[redacted] NT BASIS 12,000 PRO RATA CIF IMT OR TECO NEW ORLEANS, LA

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN **"X"** IN THIS SPOT.

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 NOON EST MAY 14, 2004 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPMENTS DATES ARE TO BE EVENLY SPREAD AND MUTUALLY AGREED IN HANDIMAX OR PANAMAX VESSELS TO BE GEARED/GRABBED SELF-DISCHARGING INTO BARGES

CREDIT REFERENCES (Minimum two): BNP PARIBAS, CONTACT SALLY HASWEL (212) 841-2010,

JP MORGAN CHASE MANHATTAN BANK, CONTACT CARLOS SANTIAGO (212) 552-6311

INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860) 665-4571),

TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), US GEN (TOM NETZEL (301) 280-6792).

SIGNATURE: | TITLE: TRADER | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

CURRENT QUALITY

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	9.0 %	10.0%	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.5 %	6.5%	5.0% MAX.	5.0% MAX.
ASH %	7.5%	9.0%	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.10 LB/BTU	1.15 LB/BTU	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,000 BTU/LB	12,000 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,550DEGREES	2,500 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	35.5 %	34.0%	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	46	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	67.5 %	67.5 %	———	———
HYDROGEN %	4.25 %	4.25 %	———	———
NITROGEN %	1.25 %	1.25 %	———	———
CHLORINE %	0.03 %	0.03 %	———	———
OXYGEN %	9.25 %	9.25 %	———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	9.0 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	19.75 %	+/- 3.0 %	Cadmium	<0.4	
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.90 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	2.10 %	+/- 0.5 %	Fluorine	40.0	+/- 5.0
SO_3	2.3 %	+/- 0.5 %	Lead	1	+/- .5
K_2O	2.0 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.65 %	+/- 0.2 %	Manganese	30.0	+/- 10.0
Undetermined	1.2 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.25	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	9.0 %	10.0%	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.5 %	6.5%	5.0% MAX.	5.0% MAX.
ASH %	7.5%	9.0%	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.10 LB/BTU	1.15 LB/BTU	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,000 BTU/LB	12,000 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,550DEGREES	2,500 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	35.5 %	34.0%	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	46	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	67.5 %	67.5 %	———	———
HYDROGEN %	4.25 %	4.25 %	———	———
NITROGEN %	1.25 %	1.25 %	———	———
CHLORINE %	0.03 %	0.03 %	———	———
OXYGEN %	9.25 %	9.25 %	———	———

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	9.0 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	19.75 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.90 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	2.10 %	+/- 0.5 %	Fluorine	40.0	+/- 5.0
SO_3	2.3 %	+/- 0.5 %	Lead	1	+/- .5
K_2O	2.0 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.65 %	+/- 0.2 %	Manganese	30.0	+/- 10.0
Undetermined	1.2 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.25	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 1 OF 3

PRODUCER NAME: GLENCORE LTD. OFFER B

STREET ADDRESS: 301 TRESSER BLVD. STAMFORD, CT 06901

CONTACT: JOHN McCONAGHY | TELEPHONE NO. 203-328-4958

MINE(S): CMU (COLOMBIA) BOM DISTRICT: | COUNTY: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other VESSEL | R/R TIPPLE DESIGNATION/NUMBER

TYPE OF LOADING FACILITY:
JNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD. _____

MAXIMUM LOADING CAPACITY
15,000 TONS 24 HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO IMPORT COAL: LOAD PORT PUERTO PRODECO, COLOMBIA

SHIP THROUGH: IMT OR TECO NEW ORELANS, LA DOCK UNLOAD RATE:: 10,000 MT SHINC PER DAY

TOTAL PRODUCTION CAPACITY PER MONTH: 150,000 MT TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 150,000 MT TONS

TYPE OF MINE: ____% DEEP 100 % STRIP ____% AUGER

SEAMS: VARIOUS | BLEND RATIOS: NONE

COAL PREPARATION: X RAW ____ WASHED ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: AUTOMATIC BELT SAMPLING

TYPE OF LABOR CONTRACT(S): COLLECTIVE | DATE FOR RENEGOTIATION: 2007

TYPE OF COAL WEIGHING: VESSEL DRAFT SURVEY | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON CIF
JANUARY – DECMEBER 2005 EVENLY SPREAD	150,000 NT +/- 10% IN SELLERS OPTION	[redacted] NT BASIS 12,400 PRO RATA CIF IMT OR TECO NEW ORLEANS, LA

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: PLEASE NOTE THIS OFFER IS VALID UNTIL 12 NOON EST MAY 14, 2004 AND SUBJECT TO RECONFIRMATION THEREAFTER. SHIPPING DATES ARE TO BE EVENLY SPREAD AND MUTUALLY AGREED IN HANDIMAX OR PANAMAX VESSELS TO BE GEARED/GRABBED SELF-DISCHARGING INTO BARGES.

CREDIT REFERENCES (Minimum two): BNP PARIBAS, CONTACT SALLY HASWEL (212) 841-2010.

JP MORGAN CHASE MANHATTAN BANK, CONTACT CARLOS SANTIAGO (212) 552-6311

INDUSTRY REFERENCES (Minimum four): PSE+G (HARRY PAPADOPOULOS (973) 430-5930), NORTHEAST UTILITIES (KEITH SAUNDERS (860) 665-4571),

TAMPA ELECTRIC (MARTIN DUFF (813) 228-1596), US GEN (TOM NETZEL (301) 280-6792)

SIGNATURE: | TITLE: TRADER | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

CURRENT QUALITY

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	9.0%	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0%	5.0% MAX.	5.0% MAX.
ASH %	7.0%	8.0 %	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.15 LB/BTU	1.20 LB/BTU	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,400 BTU/LB	12,400 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING - DEGREES FAHRENHEIT H=W (R)	2,550DEGREES	2,500 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	46	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	69.5 %	69.5 %	----------	----------
HYDROGEN %	4.50 %	4.50 %	----------	----------
NITROGEN %	1.25 %	1.25 %	----------	----------
CHLORINE %	0.03 %	0.03 %	----------	----------
OXYGEN %	9.0 %	9.0 %	----------	----------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	
Fe_2O_3	9.0 %	+/- 1.0 %	Beryllium	<0.1	
Al_2O_3	19.75 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.90 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	2.10 %	+/- 0.5 %	Fluorine	40.0	+/- 5.0
SO_3	2.3 %	+/- 0.5 %	Lead	1	+/- .5
K_2O	2.0 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.65 %	+/- 0.2 %	Manganese	30.0	+/- 10.0
Undetermined	1.2 %	+/- 0.2 %	Mercury	<0.01	-
Base/Acid Ratio	0.25	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.0 %	9.0%	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	4.0 %	6.0%	5.0% MAX.	5.0% MAX.
ASH %	7.0%	8.0 %	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.15 LB/BTU	1.20 LB/BTU	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,400 BTU/LB	12,400 BTU/LB	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,550DEGREES	2,500 DEGREES	2,500 MIN.	2,200 MIN.
VOLATILE %	36.0%	35.0%	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	46	42 MIN.[3]	65 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	35%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.15 %	0.2 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	69.5 %	69.5 %	----------	----------
HYDROGEN %	4.50 %	4.50 %	----------	----------
NITROGEN %	1.25 %	1.25 %	----------	----------
CHLORINE %	0.03 %	0.03 %	----------	----------
OXYGEN %	9.0 %	9.0 %	----------	----------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20 %	+/- 0.05 %	Antimony	1.0	+/- .5
SiO_2	59.0 %	+/- 3.0 %	Arsenic	<0.1	-
Fe_2O_3	9.0 %	+/- 1.0 %	Beryllium	<0.1	-
Al_2O_3	19.75 %	+/- 3.0 %	Cadmium	<0.4	-
TiO_2	0.90 %	+/- 0.3 %	Chromium	2.0	+/- .75
CaO	2.90 %	+/- 0.5 %	Cobalt	2.0	+/- .75
MgO	**2.10 %**	**+/- 0.5 %**	**Fluorine**	**40.0**	**+/- 5.0**
SO_3	2.3 %	+/- 0.5 %	Lead	1	+/- .5
K_2O	2.0 %	+/- 0.75 %	Lithium	4	+/- 1.5
Na_2O	0.65 %	+/- 0.2 %	Manganese	30.0	+/- 10.0
Undetermined	1.2 %	+/- 0.2 %	Mercury	<0.01	
Base/Acid Ratio	0.25	+/- 0.05	Nickel	7.0	+/- 3.0
Maximum Base/Acid Ratio			Selenium	<2.0	-

G.C.I.

Guasare Coal International n.v.

Corporate Headquarters, Aruba

2 BIDS

Mrs. Robbin Ott
Progress Fuels Corporation
One Progress Plaza
Suite 600
St. Petersburg
Florida 33701

London, May 7th, 2004

Dear Mrs. Ott,

RE: Your R.F.P. Crystal River Units Nos. 4 and 5 (BID May 12, 2004)

Please find attached our offer for Paso Diablo and Mina Norte coal. If you have any question please do not hesitate to contact us.

Best regards,

Eladio Bueno
C.E.O

Mrs. Robbin Ott
Progress Fuels Corporation
One Progress Plaza
Suite 600
St. Petersburg
Florida 33701

London, May 7th, 2004

Dear Mrs. Ott,

RE: Your R.F.P. Crystal River Units Nos. 4 and 5 (BID May 12, 2004) (Paso Diablo)

Seller: Guasare Coal International n.v. (GCI)

Buyer: Progress Fuel Corporation (PFC)

Contract Period: January 1st 2005 to December 31st 2005.

Quantity:
a) First contractual year (2005):
300.000 metric tons +/- 10% seller's option.
b) Second contractual year (2006):
300.000 metric tons +/- 10% seller's option.
c) Third contractual year (2007):
300.000 metric tons +/- 10% seller's option.
d) The above mentioned volume shall be delivered in cargos between 40 to 50.000 Metric tons at Seller's option and each cargo to be +/-10% at Seller's option, evenly spread through the each 12 months period. Loading Laycan of each cargo to be mutually agreed.

Shipment: Seller shall nominate a self-discharge (grabbed & crained) vessel into IMT terminal or Buyer's barges, capable of discharging 10.000 Metric tons per day SHINC. Buyer shall guarantee to receive the above mentioned discharge rate. Buyer shall pay Seller vessel demurrage as per governing Charter Party.



Buyer will accept or reject the corresponding vessel nomination presented by Seller within 24 hours of such nomination.

Coal Quality: As per Coal Supply Agreement dated 7th August 2003 attached herewith.

Price: The price of the coal shall be Gross as Received, DES at International Marine Terminal (IMT), New Orleans, USA as follows:

a. First Contractual year (January 1st 2005 to December 31st 2005) US$ [redacted] per million BTU.
b. Second Contractual year (January 1st 2006 to December 31st 2006) US$ [redacted] per million BTU.
c. Third Contractual year (January 1st 2007 to December 31st 2007) US$ [redacted] per million BTU.
d. Above prices are valid for a three year contract and total volume offered. The prices shall be adjusted to reflect lower contractual period and/or volume.

Coal producer solicitation form:

As per information presented on June 30, 2003 (attached herewith).

Other terms and conditions:

As per the existing Coal Supply Agreement dated 7th August 2003.

Subject and validity:

This offer is subject to Carbones del Guasare S.A. Board approval and valid up to 12th June 2004.

Best Regards,

Eladio Bueno
CEO

APPENDIX 1

Paso Diablo Premium Coal Specifications
(As Received Basis)

PROXIMATE ANALYSIS	Typical
Total moisture, %	7.50
Ash, %	6.50
Volatile Matter, %	35.00
Pyritic Sulphur , %	0.2
Total Sulphur, %	0.70
Gross Calorific Value, BRU/lb	12800
Kcal/Kg	7100
Net Calorific Value, Kcal/Kg	6810

GRINDABILITY	47
FREE SWELLING INDEX	

ULTIMATE ANALYSIS	
Total moisture, %	7.50
Carbon	71.50
Hydrogen	4.80
Nitrogen	1.30
Chlorine	0.04
Total Sulphur, %	0.70
Ash, %	6.50
Oxygen (by Diff.)	7.66

ASH FUSHION TEMPERATURE		°C (°F)
Red. Atm.	Initial Deformation	1230 (2246)
	Softening (H=W)	1260 (2300)
	Hemispherical (H=1/2W)	1310 (2390)
	Fluid	1360 (2480)
Ox. Atm.	Initial Deformation	1280 (2336)
	Softening (H=W)	1300 (2372)
	Hemispherical (H=1/2W)	1360 (2480)
	Fluid	1400 (2552)

ASH ANALYSIS	
% Si02	58.50
% Al203	20.00
% Ti02	0.95
% Fe 203	
% Ca0	
% Mg0	
% K20	
% Na20	0.50
% Mn02	0.10
% P205	0.20
% S03	3.50
Undetermined	0.75

SIZING (0 x 50 mm)	
Role hole screens % + 50 mm	5.0 % max.
% - 6.3 mm	40.0% max.

May 7, 2004

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: CARBONES del GUASARE S.A.

STREET ADDRESS: EdiF. BANCO INDUSTRIAL, AV. 5° JULIO, MARACAIBO, VENEWELA

CONTACT: GARETH GRIFFITHS | TELEPHONE NO. 44 2074713806

MINE(S): PASO DIABLO | BOM DISTRICT: | COUNTY: MARA | STATE: MARACAIBO, VENEW

ORIGIN RAILROAD(S)/DISTRICT: EK — CV — Big Sandy — Other — | R/R TIPPLE DESIGNAITON/NUMBER: —

TYPE OF LOADING FACILITY:
UNIT TRAIN: — | SINGLE CAR: — | TRAINLOAD: —

MAXIMUM LOADING CAPACITY:
27,500 TONS | 24 HOURS | — TRACK CAPAC

WATER DELIVERY CAPABILITY: ✓ YES ___ NO | ~~IMPORT COAL~~: LOAD PORT MARACAIBO

SHIP THROUGH: IMT DOCK | LOAD RATE:: 20-25.000 MT/DAYS

TOTAL PRODUCTION CAPACITY PER MONTH: 625000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 560.000 ONS

TYPE OF MINE: ___ % DEEP | 100 % STRIP | ___ % AUG

SEAMS: MULTIPLE | BLEND RATIOS: CUSTOMARY

COAL PREPARATION: ✓ RAW | — WASHED | — COMBINATI

TYPE OF COAL WASHER, IF WASHED: —

TYPE OF COAL SAMPLING: AUTOMATIC AT FOTS "BULK WAYUU"

TYPE OF LABOR CONTRACT(S): COMPANY | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: DRAFT SURVEY | SCALE CERTIFIED? ___YES ___NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

'ODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four): EFC, CPL, EXELON, SAVANNAH ELECTRIC, GULF POWER, CONSTELLATION POWER, NOVA SCOTIA POWER.

SIGNATURE: | TITLE: C.E.O | DATE JUNE 3, 2004

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
ELECTRIC FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

MAY 7, 2004

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 2OF 3

CURRENT QUALIT

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.50	8.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.0	5.0	5.0% MAX.	5.0% MAX.
ASH %	6.50	7.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.10	1.20	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12.800	12.800 [4]	12,300 MIN.	8,200/LB MIN
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)	2390	2300 [4]	2,500 MIN.	2,200 MIN
VOLATILE %	35.0	34 [4]	31.0% MIN.[1]	31.0% MIN.[1]
INDABILITY, HARDGROVE	47	45 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2x0"	2x0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	< 40 %	45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.2	0.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	51.0	51.0	----------	----------
HYDROGEN %	4.80	4.8	----------	----------
NITROGEN %	1.30	1.30	----------	----------
CHLORINE %	0.04	0.04	----------	----------
OXYGEN %	7.66	7.66	----------	----------

[1]Must be met on an individual shipment basis
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20	0.04	Antimony	< 0.5	
SiO_2	59.10	1.40	Arsenic	3	0.15
Fe_2O_3	7.20	0.60	Beryllium	< 20	
Al_2O_3	20.0	1.0	Cadmium	< 0.5	
TiO_2	0.95	0.1	Chromium	30	
CaO	3.50	0.50	Cobalt	5	
MgO	2.50	0.30	Fluorine	3.5	2.4
SO_3	3.0	0.80	Lead	0.5	
K_2O	1.70	0.30	Lithium	< 25	
Na_2O	0.50	0.10	Manganese	40	
Undetermined	1.35	0.90	Mercury	0.07	0.02
Base/Acid Ratio	0.19	0.02	Nickel	25	
Maximum Base/Acid Ratio	0.25		Selenium	2	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

7, 2004

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PROJECTED QUALITY

AS PER CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS "AS RECEIVED" AVERAGE OR TYPICAL	OFFERED COAL SPECIFICATIONS "AS RECEIVED" GUARANTEED	REQUIRED COAL SPECIFICATIONS BITUMINOUS "AS RECEIVED" GUARANTEED	REQUIRED COAL SPECIFICATIONS SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %			8.0% MAX.	30.0% MAX
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %			10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB			12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)			2,500 MIN.	2,200 MIN
VOLATILE %			31.0% MIN.[1]	31.0% MIN.[1]
NDABILITY, HARDGROVE			42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %			.....	.....
HYDROGEN %			.....	.....
NITROGEN %			.....	.....
CHLORINE %			.....	.....
OXYGEN %			.....	.....

AS PER CURRENT QUALITY

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			.....		
.....			.....		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

AS PER CURRENT QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

Mrs. Robbin Ott
Progress Fuels Corporation
One Progress Plaza
Suite 600
St. Petersburg
Florida 33701

London, May 7th, 2004

Dear Mrs. Ott,

RE: Your R.F.P. Crystal River Units Nos. 4 and 5 (BID May 12, 2004) (Mina Norte)

Seller:	Guasare Coal International n.v. (GCI)
Buyer:	Progress Fuel Corporation (PFC)
Contract Period:	January 1st 2005 to December 31st 2005 (first contractual year) and January 1st 2006 to December 31st 2006 (second contractual year). January 1st 2007 to December 31st 2008 (third contractual year).
Quantity:	For first contractual year four (4) firm cargoes and for second and third contractual year five (5) firm cargoes per each contractual year. Each cargo shall be 40 to 50.000 metric tons at Seller's option and each cargo to be +/-10% at Seller's option, evenly spread through each contractual year (at least one per calendar quarter). Loading Laycan of each cargo to be mutually agreed.
Shipment:	Seller shall nominate a self-discharge (grabbed & crained) vessel into IMT terminal or Buyer barges, capable of discharging 10.000 Metric tons per day SHINC. Buyer shall guarantee to receive the above mentioned discharge rate. Buyer shall pay Seller vessel demurrage as per governing Charter Party. Buyer will accept or reject the corresponding vessel nomination presented by Seller within 24 hours of such nomination.



Coal Quality & Origin: As per Coal Supply Agreement dated 7th August 2003 (Appendix 1) attached herewith.

Price: The price of the coal shall be Gross As Received, DES at International Marine Terminal (IMT), New Orleans, USA to be US$[redacted] per million BTU for the first contractual year, US$ [redacted] per million BTU for the second contractual year and US$[redacted] per million BTU for third contractual year

Above prices are valid for a three year contract and total cargoes offered. The prices shall be adjusted to reflect lower contractual period and/or cargoes.

Coal Producer Solicitation Form:

As per information presented on 08/07/2003 (attached herewith) except BTU/lb as received to be 13.000 instead of min. 12.800..

Other terms and conditions:

As per the existing Coal Supply Agreement dated 7th August 2003

Subject and validity:

This offer is subject to prior sale for 2005 cargoes offered and GCI board approval with validity up to 12th June 2004.

Best Regards,

Eladio Bueno
CEO

APPENDIX 1

Mina Norte Premium Grade as Receive Basis

	Typical	Range
Total moisture %	6.0	5.0-7.50
Ash %	5.50	4.50-6.50
Volatile Matter %	34.0	33.0-35.0
Btu/LB	13,000	12,800-13,500
Fixed Carbon	53.8	52.00-55.70
Total Sulphur %	0.65	0.60-0.75
Pyritic Sulphur %	0.2	
Grindability	48	46-48
Ash Fusion Temp.	Softening F (H-W) 2400	2350-2450
Sizing	+4" 0% max 0%	
	+3" 1% max 1%	
	+2" 2% max 4%	
	-1/4" 40% max 45%	
	-1mm 17% max 20%	



PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: CARBONES DE LA GUAJIRA S.A.

STREET ADDRESS: TORRE EMPRESARIAL CLARET PISO10 - AVE 3E, MARACAIBO, VENEZUELA

CONTACT: KONRAD HENRIQUEZ | TELEPHONE NO. 011-582617983912

MINE(S): MINA NORTE | BOM DISTRICT: — | COUNTY: MARA | STATE: MARACAIBO, VENEZUELA

ORIGIN RAILROAD(S)/DISTRICT: EK — CV — Big Sandy — Other — | R/R TIPPLE DESIGNAITON/NUMBER: —

TYPE OF LOADING FACILITY:
UNIT TRAIN: — | SINGLE CAR: — | TRAINLOAD: —

MAXIMUM LOADING CAPACITY: TO SHIPS FAS 15.000 TONS PER DAY | 24 HOURS | — TRACK CAPACITY

WATER DELIVERY CAPABILITY: ✓ YES ___ NO | IMPORT COAL: LOAD PORT —

SHIP THROUGH: F.A.S. ~~DOCK~~ | LOAD RATE:: —

TYPE OF PRODUCTION CAPACITY PER MONTH: 116.000 TONS (METRIC)

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 116.000 TONS (METRIC)

TYPE OF MINE: — % DEEP | 100 % STRIP | — % AUGER

SEAMS: MULTIPLE | BLEND RATIOS:

COAL PREPARATION: ✓ RAW | — WASHED | — COMBINATION

TYPE OF COAL WASHER, IF WASHED: —

TYPE OF COAL SAMPLING: AUTOMATIC NTE/BAJO AND MANUAL (ASTM) AT PALMAREJO

TYPE OF LABOR CONTRACT(S): COMPANY | DATE FOR RENEGOTIATION: —

TYPE OF COAL WEIGHING: | SCALE CERTIFIED? ___ YES ___ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

INDUSTRY REFERENCES (Minimum four) PSEG, N.E.V., PG+, NRG, PFC (EFC) AND

SIGNATURE: [signature] | TITLE: C.E.O. | DATE: 08/07/2003

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
ELECTRIC FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733
PHONE NO. 727/824-6670
FAX NO. 727/824-6601

[signature] MAY 7, 2004

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5
PAGE 3OF 3

CURRENT ND
PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.0	8.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	5.0	5.0	5.0% MAX.	5.0% MAX.
ASH %	5.5	8.0 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.0	1.2	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	13.000	~~MIN 12.800~~ 13.000 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=1/2W (R)	2400	2300 [4]	~~2,500 MIN.~~ MIN 2,000	2,200 MIN.
VOLATILE %	34.0	MIN. 31.0 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48.	MIN 45 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 x 0"	2 x 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	< 40.	MAX 45	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.2	0.2	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	53	50	---	---
HYDROGEN %	4.9	4.7	---	---
NITROGEN %	1.3	1.3	---	---
CHLORINE %	0.04	0.04	---	---
OXYGEN %	9.7	9.7	---	---

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.2	0.05	Antimony	N/A	
SiO_2	58.3	1.50	Arsenic	1.3	1.5
Fe_2O_3	4.1	2.0	Beryllium	N/A	
Al_2O_3	20.9	2.0	Cadmium	N/A	
TiO_2	7.9	2.0	Chromium	N/A	
CaO	2.2	1.2	Cobalt	N/A	
MgO	0.6	0.6	Fluorine	N/A	
SO_3	2.5	1.0	Lead	N/A	
K_2O	1.6	0.5	Lithium	N/A	
Na_2O	0.10	0.1	Manganese	N/A	
Undetermined/Others	0.8	0.5	Mercury	0.07	0.02
Base/Acid Ratio	N/A	N/A	Nickel	N/A	
Maximum Base/Acid Ratio	N/A	N/A	Selenium	N/A	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

INTEROCEAN COAL SALES, LDC

c/o Truman Bodden & Company
P. O. Box 866
George Town, Grand Cayman
Cayman Islands, B.W.I.

May 11, 2004

Mr. A. W. Pitcher
V. P. Coal Procurement
Progress Fuels Corporation
One Progress Plaza
P. O. Box 15208
St. Petersburg, FL 33701

Dear Al:

Attached is our response to your tender dated April 12, 2004 requesting compliance coal offers for Units 4 & 5 at Crystal River.

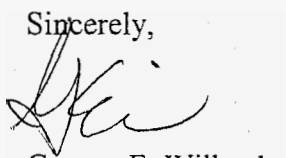
Calendar 2007	**January 1, 2007 - December 31, 2007**
Quantity:	1,000,000 net tons +/- 5% for shipping purposes only
Price:	Price offered is per net ton, FOB Progress supplied barges at McDuffie Coal Terminal in Mobile, Alabama

This offer is subject to all terms and conditions to be mutually agreed upon by Progress Fuels Corporation, and Interocean Coal Sales, LDC, and reconfirmation of this offer.

This offer is valid through the close of business Friday, June 11, 2004.

Interocean Coal Sales appreciates this opportunity to quote our Colombia coal to the Progress Fuels Corporation.

Sincerely,



George E. Wilbanks
Attorney in Fact

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Drummond Co. Ltd (Interocean Coal Sales, LDC)

STREET ADDRESS: 530 Beacon Parkway West, Ste. 800, Birmingham, AL 35209

CONTACT: Dennis Steul | TELEPHONE NO: 205-945-6411

MINE(S): Pribbenow | BOM DISTRICT: N/A | COUNTY: N/A | STATE: Colombia, S,A.

ORIGIN RAILROAD(S)/DISTRICT: BK____ CV____ Big Sandy____ Other N/A | R/R TIPPLE DESIGNATION/NUMBER: N/A

TYPE OF LOADING FACILITY: UNIT TRAIN: N/A | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY: _____ TONS N/A | _____ HOURS | _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: x YES ____ NO | IMPORT COAL: LOAD PORT: Mobile, AL

SHIP THROUGH: McDuffie DOCK | LOAD RATE: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 2,000,000 TONS

PRODUCTION PER MONTH MEETING OUR COAL SPECIFICATIONS: 1,700,000 TONS

TYPE OF MINE: 0 %DEEP | 100 %STRIP | _____ %AUGER

SEAMS: Various | BLEND RATIOS:

COAL PREPARATION: 95% RAW | 5% WASHED | _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Jig

TYPE OF COAL SAMPLING: J. B. Long Mechanical samples

TYPE OF LABOR CONTRACT(S): 2-yr-local | DATE FOR RENEGOTIATION: March 2006

TYPE OF COAL WEIGHING: Draft survey | SCALE CERTIFIED? ____YES ____NO N/A

PERIOD	TONNAGE	BASE PRICE PER TON FOB ~~MINE~~ BARGE
2007	1,000,000 net tons per year	2007 - [redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHO IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Interocean Coal Sales, LDC

CREDIT REFERENCES (Minimum two): Progress Fuels, Citibank

INDUSTRY REFERENCES (Minimum four): Progress Fuels, Alabama Power, Gulf Power, Mississippi Power

SIGNATURE: [signature] | TITLE: Attorney-in-Fact | DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROJECTED QUALITY AND CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	12	14.00 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	3	5.00	5.0% MAX.	5.0% MAX.
ASH %	4.50	5.50 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.10 Max	1.2 Max	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	11,750	11,700 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W(R)	2,550	2,500 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	36.50	31 [4]	31.0% MIN[1]	31.0% MIN[1]
GRINDABILITY, HARDGROVE	45	43 [4]	42 MIN[3]	65 MIN[3]
SIZE	3x0	3x0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	38%	45%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.18	0.20	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	47.00		—	—
HYDROGEN %	4.73	Range	—	—
NITROGEN %	1.29	1.20 - 1.45	—	—
CHLORINE %	0.03	0.02 - 0.04	—	—
OXYGEN %	9.61		—	—

[1] Must be met on an individual shipment basis.
[2] Adjustable in direct proportion to Btu.
[3] Adjustable in inverse proportion to Btu.
[4] Economic analyses will be based on these values.
[5] Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS % WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.20		Antimony	[illegible]	
SiO_2	58.54		Arsenic	2.9	
Fe_2O_3	9.00		Beryllium	<0.2	
Al_2O_3	23.40		Cadmium	<0.03	
TiO_2	0.87		Chromium	8.1	
CaO	2.35		Cobalt		
MgO	1.09		Fluorine	30	
SO_3	1.24		Lead	4.2	
K_2O	1.71		Lithium		
Na_2O	0.47	Typical Min/Max 0.35-0.55	Manganese		
Undetermined	1.13		Mercury	0.08	
Base/Acid Ratio			Nickel	14	
Maximum Base/Acid Ratio			Selenium	3	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

2 BIDS

Massey Utility Sales Company

Massey Energy®

May 11, 2004

Post Office Box 26765
Richmond, Virginia 23261
4 North Fourth Street
Richmond, Virginia 23219
Tel (804) 788-1800
Fax (804) 788-1811

Mr. Al Pitcher
Vice President - Coal Procurement
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg FL 33701

Attn: Robin Ott

Dear Al:

We at Massey Utility Sales appreciate the opportunity to respond to your recent solicitation.

Please note that the following applies to our proposals:

- The price shall be fixed for the first year, a price-reopener will occur on November 1st of each year. The parties shall renegotiate, if the parties agree, the agreement shall be extended for another year. If the parties cannot agree by December 31st, the agreement shall run for six-months and expire (June 30th).
- All proposals are subject to prior sale.
- All proposals are subject to mutually agreeable terms and conditions.
- If Massey is competitive we propose that we use our existing agreement as a framework for a new agreement
- Examples of specific terms and conditions to be included are as follows:
  - Payment Terms: 10 Days from receipt of invoice
  - No freight differentials
  - Additional Massey owned operating subsidiaries shall be included as shipping sources. The guaranteed specifications shall remain as quoted.
  - All proposals are subject to formulizing the agreement and finalizing documents within 15 days.

If you should have any questions or require any additional information, please feel free to call me at 804-782-1678.

Sincerely,

John R. Parker
Senior Vice President

JRP/kcb

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Bandmill Coal Company

CONTACT: Cathy Frazier | TELEPHONE NO. 304-792-0040

MINE(S): Highland | BOM DISTRICT: 8 | COUNTY: Logan | STATE: West Virginia

CSX DISTRICT: EK____ CV____ Big Sandy____ Other____Kanawha/Logan__ | R/R TIPPLE DESIGNAITON/NUMBER:

NORFOLK SOUTHERN DISTRICT: Thacker____ CV2____ Kenova____ Other_____ | R/R TIPPLE DESIGNAITON/NUMBER: 0596

TYPE OF LOADING FACILITY:
UNIT TRAIN: ____X____ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
15,000 TONS 4 HOURS 150 loads/150 empties TRACK CAP/

TOTAL PRODUCTION CAPACITY PER MONTH: 550,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 500,000 TONS

TYPE OF MINE: 75 % DEEP 25 % STRIP _____ % AUGEF

SEAMS: Upper Cedar Grove | BLEND RATIOS:

TYPE OF COAL WASHER, IF WASHED: Daniels Washer – Heavy Media – Cyclones – Spirals

TYPE OF LABOR CONTRACT(S): | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Certified Batch Weigh | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 2005 – December 2005	60,000 tons/month total	[redacted] FOB MINE / [redacted] FOB Barge KRT Ceredo

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

This proposal is subject to prior sale & subject to mutually agreeable terms and conditions.

CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing

CUSTOMER REFERENCES: AEP, LG&E/KU; Public Service New Jersey

SIGNATURE: John R. Parker | TITLE: Senior Vice President | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS
CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINAS BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.02	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	4.70	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	13.00	13.0% MAX.[2]	13% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.18	1.20	1.2 LB/MAX.[1,6]	2.0 LB/MAX.[1] 3.2 LB/MAX.[1]
BTU/LB	12,200	12,100	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H = 1/2W (R)	2600	2600	2,500 MIN.	2,500 MIN
VOLATILE %		31.00	28.0% MIN.[1]	28.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	42	37 MIN.[3]	37 MIN.[3]
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45%	45%	40% MAX.[5]	45% MAX.[5]
FIXED CARBON %	48.35		---	---
HYDROGEN %	4.28		---	---
NITROGEN %	1.24		---	---
CHLORINE %	0.16		---	---
OXYGEN %	5.42		---	---

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.13		Antimony		
SiO_2	61.90		Arsenic	5.8	
Fe_2O_3	5.15		Beryllium	2.1	
Al_2O_3	30.65		Cadmium	0.1	
TiO_2	1.21		Chromium	33	
CaO	0.74		Cobalt	4.1	
MgO	0.65		Fluorine		
SO_3	0.58		Lead	5.2	
K_2O	1.88		Lithium		
Na_2O	0.67		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Sidney Coal Company		
STREET ADDRESS: 115 N. Big Creek Road – Sidney, Kentucky 41564		
CONTACT: Sid Young	TELEPHONE NO. 606-353-7201	
MINE(S): Clean; Freedom BOM DISTRICT: 8	COUNTY: Pike	STATE: Kentucky
CSX DISTRICT: EK_____ Big Sandy____ Other_____	R/R TIPPLE DESIGNAITON/NUMBER:	
NORFOLK SOUTHERN DISTRICT: Thacker____ CV-1____ Kenova__x___ Other_____	R/R TIPPLE DESIGNAITON/NUMBER:	

MAXIMUM LOADING CAPACITY:
10,000 TONS 4 HOURS 110 loads 110 empties TRACK CAPACITY

SEAMS: Pond Creek	BLEND RATIOS:
COAL PREPARATION: _____ RAW 100% WASHED _____ COMBINATION	
TYPE OF COAL WASHER, IF WASHED: Heavy Media – Cyclones – Hydrocyclones - Spirals	
TYPE OF COAL SAMPLING: 2 stage automatic – Hebden, Schilhe & Smith	
TYPE OF LABOR CONTRACT(S): Non-Union	DATE FOR RENEGOTIATION: N/A
TYPE OF COAL WEIGHING: Railroad Weights	SCALE CERTIFIED? ____YES ___ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB BARGE
January 2005 – December 2005	50,000 tons/month	[redacted] KRT Ceredo / [redacted] fob Railcar

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

This proposal is subject to prior sale and subject to mutually agreeable terms.

CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing

CUSTOMER REFERENCES: Duke Energy, Detroit Edison, Ontario Power

SIGNATURE: John R. Walker	TITLE: Senior Vice President	DATE: 5/10/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	NORTH CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINA BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.02	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	4.70	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	12.50	13.0% MAX.[2]	13% MAX [2]
SULFUR DIOXIDE (LB/MBTU)	1.18#	1.20#	1.2 LB/MAX.[1]	2.0 LB/MAX.[1] 3.2 LB/MAX.[1]
BTU/LB	12400	12300	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H= 1/2W (R)	2600	2500	2,500 MIN.	2,500 MIN.
VOLATILE %	30.00	31.00	28.0% MIN.[1]	28.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	42	37 MIN.[3]	37 MIN.[3]
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	48	40% MAX.[5]	45% MAX [5]
FIXED CARBON %	49.50		----------	----------
HYDROGEN %	4.25		----------	----------
NITROGEN %	1.24		----------	----------
CHLORINE %	0.16		----------	----------
OXYGEN %	5.80		----------	----------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.14		Antimony		
SiO_2	62.25		Arsenic	5.9	
Fe_2O_3	5.48		Beryllium	2.4	
Al_2O_3	31.15		Cadmium	0.1	
TiO_2	1.28		Chromium	32	
CaO	0.71		Cobalt	4.7	
MgO	0.68		Fluorine		
SO_3	0.52		Lead	5.4	
K_2O	1.85		Lithium		
Na_2O	0.63		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

* NOTE: ADD SHEETS IF MORE THAN ONE SEAM

OXBOW CARBON & MINERALS LLC

May 11, 2004

Ms. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, Florida 337012

Dear Ms. Ott,

- Please find enclosed, Oxbow Mining LLC's proposal to supply coal to Progress Fuels Corporation.

In addition to information provided on Progress Fuels Corporation Bid document, please note:

All other terms and conditions not noted in this proposal will be mutually agreed between Oxbow Mining LLC and Progress Fuels Corporation.

Our proposal will remain valid until 5:00 PM (MST) June 11, 2004 unless an extension is mutually agreed upon between Buyer and Seller. This offer is subject to prior sale and is subject to OMLLC Board of approval. **No firm commitment to sell or purchase coal under this proposal will exist whatsoever until an agreement is fully executed between Oxbow Mining LLC and Progress Fuels Corporation.**

We look forward to discussing our proposal in more detail. If any additional information is required, please do not hesitate to call me.

Sincerely,

Alicia Levitt
Sales Representative

7901 SouthPark Plaza • Suite 202 • Littleton, CO 80120 USA
Tel (303) 795-0413 • www.oxbow.com • Fax (303) 795-1524

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Oxbow Mining LLC

CONTACT: Alicia Levitt | TELEPHONE NO. 303-795-0413

MINE(S): Elk Creek | BOM DISTRICT: 17 | COUNTY: Gunnison | STATE: CO

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other UPRR | R/R TIPPLE DESIGNATION/NUMBER: Somerset, CO

TYPE OF LOADING FACILITY:
UNIT TRAIN: x 105 cars | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY: _____ TONS | 3 105 car trains in 24 hours _____ HOURS | _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 700,000 TONS plus

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 100% TONS quoted quality

TYPE OF MINE: 100% DEEP _____% STRIP _____% AUGER

SEAMS: Currently in D Seam | BLEND RATIOS: None

COAL PREPARATION: 100% RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

_____ amp

TYPE OF COAL WEIGHING: Weigh Batch | SCALE CERTIFIED? X____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
See Attached		

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two): Will provide if short listed

INDUSTRY REFERENCES (Minimum four) Will provide if short listed

[redacted] | Sales Rep | DATE: 5/11/04

Oxbow Mining LLC

Period: 2005 – 2008

Tonnage:
2005: 5 trains for testing
2006: 500,000 tons
2007: 500,000 tons
2008: 500,000 tons

Price:
2005: [redacted] per net ton, FOB loaded railcar, Somerset, CO
20068: [redacted] per net ton, FOB loaded railcar, Somerset, CO
2007: [redacted] per net ton, FOB loaded railcar, Somerset, CO
200: [redacted] per net ton, FOB loaded railcar, Somerset, CO

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	8.00	9.00 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	n/a	n/a	5.0% MAX.	5.0% MAX.
ASH %	8.5	12 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.77	1.2	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,000	11,900 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2400	2300 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	33.5	31 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	53	50 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2x0	2x0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	n/a	n/a	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	49%		———	———
HYDROGEN %	4.8%		———	———
NITROGEN %	1.45%		———	———
CHLORINE %	288 ppm		———	———
OXYGEN %	7.45		———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	00.65		Antimony		
SiO_2	53.19		Arsenic		
Fe_2O_3	06.18		Beryllium	See Attached	
Al_2O_3	25.62		Cadmium		
TiO_2	00.89		Chromium		
CaO	04.19		Cobalt		
MgO	01.40		Fluorine		
SO_3	03.09		Lead		
K_2O	01.42		Lithium		
Na_2O	01.03		Manganese		
Undetermined	01.89		Mercury		
Base/Acid Ratio	00.18		Nickel		
Maximum Base/Acid Ratio	00.24		Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	Same as current	[4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	quality	[4]	12.300 MIN.	8.200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2.500 MIN.	2.200 MIN
VOLATILE %		[4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR			0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %			———	———
HYDROGEN %			———	———
NITROGEN %			———	———
CHLORINE %			———	———
OXYGEN %			———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

STANDARD LABORATORIES, INC.

CUSTOMER: OXBOW CARBON & MINERALS
MINE: ELK CREEKMINE

JOB NO: 88-19744
LOCATION: SOMERSET LAB

DATE: 05/27/03

DATE SAMP: 04/27/03
DATE REC: 04/27/03

CONTRACT:
SHIPMENT ID:

TONNAGE: 10659.85
NO. OF CARS: 108.000

SAMPLE NET: 116 LBS

TRACE ELEMENT, DRY BASIS		RESULT (PPM)
ANTIMONY	Sb	0.76
ARSENIC	As	1.0
BARIUM	Ba	157
BERYLLIUM	Be	0.7
BORON	B	128
BROMINE	Br	19
CADMIUM	Cd	0.14
CHLORINE	Cl	329
CHROMIUM	Cr	7
COBALT	Co	1.8
COPPER	Cu	8
FLUORINE	F	51.7
LEAD	Pb	5.9
LITHIUM	Li	11.8
MANGANESE	Mn	13
MERCURY	Hg	0.023
MOLYBDENUM	Mo	0.9
NICKEL	Ni	4
SELENIUM	Se	1.2
SILVER	Ag	0.10
STRONTIUM	Sr	70
THALLIUM	Tl	0.16
TIN	Sn	0.6
URANIUM	U	1.2
VANADIUM	V	18
ZINC	Zn	13
ZIRCONIUM	Zr	21.4

STANDARD LABORATORIES,INC

CUSTOMER: OXBOW CARBON & MINERALS
MINE: ELK CREEK MINE

JOB NO: 88-32858
LOCATION: SOMERSET, CO

DATE: 4/21/04

DATE SAMP: 03/25/04
DATE REC: 03/25/04

CONTRACT:
SHIPMENT ID:

TONNAGE: 10431.050
NO. OF CARS: 105

SAMPLE NET: 81 LBS

MONTHLY QUALITY TEST

PROXIMATE ANALYSIS (%)

	AS REC'D	DRY
MOISTURE	8.46	n/a
ASH	8.54	9.33
VOLATILE	33.66	36.77
FIXED C	49.34	53.90
SULFUR	0.41	0.45
BTU/LB	12054	13169
BTU MAF		14524
ALK AS Na2O	0.17	0.19

ADDITIONAL DATA

AIR DRY LOSS	6.03
RESIDUAL MOISTURE	2.59

HGI = 54 @ 2.26% MOISTURE
FREE SWELLING INDEX = 1.5

ULTIMATE ANALYSIS (%)

	AS REC'D	DRY
MOISTURE	8.46	n/a
ASH	8.54	9.33
SULFUR	0.41	0.45
CARBON	69.80	76.25
HYDROGEN	4.60	5.02
NITROGEN	1.40	1.53
OXYGEN (diff)	6.79	7.42

FUSION TEMPERATURE OF ASH (F)

	OXIDIZING	REDUCING
INITIAL	2350	2300
SOFTENING	2420	2315
HEMISPHERICAL	2490	2330
FLUID	2615	2550

MERCURY = .154 PPM
CHLORINE = 366 PPM

MINERAL ANALYSIS OF ASH (%)

PHOSPHORUS PENTOXIDE	0.40
SILICON DIOXIDE	51.91
FERRIC OXIDE	5.90
ALUMINUM OXIDE	23.97
TITANIUM DIOXIDE	0.85
MANGANESE DIOXIDE	0.03
CALCIUM OXIDE	5.39
MAGNESIUM OXIDE	1.71
POTASSIUM OXIDE	1.34
SODIUM OXIDE	1.14
SULFUR TRIOXIDE	4.67
BARIUM OXIDE	0.24
STRONTIUM	0.17
UNDETERMINED	2.28
BASE/ACID RATIO	0.2
T250 TEMPERATURE	2726
SILICA VALUE	82.10
TYPE OF ASH	LIGNITIC
SLAGGING INDEX	2338
FOULING INDEX	1.14

Respectfully Submitted

Jane E Lute

STANDARD LABORATORIES, INC

STANDARD LABORATORIES,INC

CUSTOMER: OXBOW CARBON & MINERALS
MINE: ELK CREEK MINE

JOB NO: 88-32651
LOCATION: SOMERSET, CO

DATE: 3/23/2004

DATE SAMP: 02/23/04
DATE REC: 02/23/04

CONTRACT:
SHIPMENT ID:

TONNAGE: 10320.030
NO. OF CARS: 104

SAMPLE NET: 148 LBS

PROXIMATE ANALYSIS (%)

	AS REC'D	DRY	
MOISTURE	8.01	n/a	
ASH	8.19	8.90	
VOLATILE	33.73	36.67	
FIXED C	50.07	54.43	
SULFUR	0.40	0.43	
BTU/LB	12160	13219	
BTU MAF			14510
ALK AS Na2O	0.17	0.18	

ADDITIONAL DATA

AIR DRY LOSS	5.47
RESIDUAL MOISTURE	2.69

HGI = 55 @ 2.42% MOISTURE
FREE SWELLING INDEX = 1.5

ULTIMATE ANALYSIS (%)

	AS REC'D	DRY
MOISTURE	8.01	n/a
ASH	8.19	8.90
SULFUR	0.40	0.43
CARBON	68.59	74.56
HYDROGEN	4.91	5.34
NITROGEN	1.38	1.50
OXYGEN (diff)	8.53	9.27

FUSION TEMPERATURE OF ASH (F)

	OXIDIZING	REDUCING
INITIAL	2625	2475
SOFTENING	2670	2540
HEMISPHERICAL	2690	2555
FLUID	2720	2655

MERCURY = .046 PPM
CHLORINE = 273 PPM

MINERAL ANALYSIS OF ASH (%)

PHOSPHORUS PENTOXIDE	0.63
SILICON DIOXIDE	56.80
FERRIC OXIDE	5.26
ALUMINUM OXIDE	26.47
TITANIUM DIOXIDE	0.89
MANGANESE DIOXIDE	0.02
CALCIUM OXIDE	3.67
MAGNESIUM OXIDE	1.25
POTASSIUM OXIDE	1.21
SODIUM OXIDE	1.23
SULFUR TRIOXIDE	1.75
BARIUM OXIDE	0.25
STRONTIUM	0.17
UNDETERMINED	0.40
BASE/ACID RATIO	0.15
T250 TEMPERATURE	2822
SILICA VALUE	86.39
TYPE OF ASH	BITUMINOUS
SLAGGING INDEX	0.06
FOULING INDEX	0.18

Respectfully Submitted

Jane E Kuter

STANDARD LABORATORIES, INC

OXBOW CARBON & MINERALS LLC

ELK CREEK MINE

Mine:	Elk Creek
Location:	Somerset, Colorado - Gunnison County
Ownership:	Oxbow Mining, LLC
Operator:	Oxbow Mining, LLC
Mine Start Date:	Continuous Miner began February, 2002; Longwall began April, 2003
Type Mine:	Longwall and Continuous Miner; 100% deep mine; 100% raw coal
Production Capacity:	5.7 million tons per year
Stockpile Capacity:	400,000 tons
Current Recoverable Reserves:	"B" & "D" Seams : 134,000,000 tons
Union Affiliation:	None
Expected Mine Life at Normal Capacity:	25 years or through 2026
Rail Service:	Union Pacific Railroad
Loading Capability:	One 105 car train in 3 hours Three-Four 105 car trains in 24 hours
Loadout:	Located at the mine. UP rail origin is Somerset, CO
Weighing:	Certified Weigh Batch System – scale certified every 6 months Auto-sampler bias tested once per year
Sampling & Analysis:	HSS sampler located at loadout, Standard Labs performs analysis
Employees:	Approximately 280
Sales Office:	Oxbow Carbon & Minerals LLC 7901 SouthPark Plaza, Suite 202 Littleton, CO 80120 303-795-0413 Phone Number 303-795-1524 Fax Number Contact: Alicia Levitt

COALSALES

Barbara E. Busby
Vice President – Sales & Marketing

Peabody COALSALES Company
701 Market Street
St. Louis, Missouri 63101-1826
Phone 314.342.7600

May 11, 2004

Mr. A.W. Pitcher
Vice President, Coal Procurement
Progress Fuels Corporation
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Dear Al:

Peabody COALSALES Company is pleased to submit the attached proposal for compliance coal to Progress Fuels Corporation (PFC) for your consideration. This proposal will expire at 5:00 p.m. CDT on June 11, 2004.

It is incumbent upon you to confirm with us that this Proposal is still outstanding at the time of its consideration and evaluation by you, and prior to any decision by you based on this Proposal.

This Proposal is further subject to the following conditions:

- Prior sale of the coal,
- Withdrawal by COALSALES at any time,
- Availability of the coal,
- Negotiation and execution of a mutually agreeable coal supply agreement,
- Approval of credit terms, and
- Obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of the negotiated coal supply agreement.

We appreciate the opportunity to submit this proposal and look forward to your response. Should you have any questions or require additional information please contact me.

Sincerely,

Barbara E. Busby
Vice President – Sales & Marketing

Attachments

May 12, 2004 **North Antelope/Rochelle**

Compliance Coal Sales Proposal
Progress Fuels Corp.

To:
Mr. A.W. Pitcher
Vice President, Coal Procurement
Progress Fuels Corp.
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Seller:
Peabody COALSALES Company
701 Market Street
St. Louis, MO. 63101
Phone: 314-342-7698
Fax: 314-342-7529

Plant Destination: Crystal River Plant

Term, Quantity and Price
Per Ton FOB Mine:

Term	Quantity	Price
1/1/05-12/31/05	300,000 tons	[redacted]
1/1/06-12/31/06	300,000 tons	[redacted]
1/1/07-12/31/07	300,000 tons	[redacted]

- Tons to be shipped ratably over the term of the agreement
- Tonnage firm, no variances or option tons

Btu
Premium/Penalty
Provision: At the end of each month a quality adjustment would be computed based on the difference between the actual weighted average Btu per pound and the Monthly Weighted Average Btu per pound (8.900 Btu/lb.).

SO2
Premium/Penalty
Provision: At the end of the month, a quality adjustment would be computed based on the difference between the actual monthly weighted average pounds of SO2 per million Btu and the Monthly Weighted Average lbs. SO2/mmBtu (0.50 # SO2/mmBtu).The difference will be applied to the average "Air Daily Monthly SO2 Index."

Mine Information:

Mine	North Antelope/Rochelle
Location:	65 mi SE of Gillette, WY
Type of Mine:	Surface
Mining Method:	Dragline/Truck & Shovel
Annual Total Shipments:	80,000,000+ tons

Coal Quality: (Progress Fuels Current & Projected Quality Sheets attached)

Parameter (as received)	Monthly Wtd. Average	Reject
Btu/lb.	8,900	8700 minimum
Lb. SO2/mmBtu	.5	.75 maximum
Ash, %	4.4	---
Moisture, %	26.7	---
Sodium Oxide	1.5	---
Volatiles, %	31.5	---
HGI	59	---

Rail Origin:

Loadout Details	North Antelope
Shipping Point	NACCO Junction
Railroad	BNSF/UP
Unit Train Car Rating	160
Loadout Capacity	< 4.0 Hours

Sampling System: Three (3) Stage Automatic Sampler

Weighing System: Batch Weigh Bin System

Scale Certification: Certification Annually

Expiration Date: This proposal expires June 11, 2004.

Shipping Schedule: Annual volume to be shipped and received in approximately equal monthly quantities.

Substitution: Seller reserves the right, but not the obligation, to substitute coal from other origins at the same delivered price per mmBtu.

Weights, Sampling, and Analysis:	Seller's weights, sampling and analysis to govern for payment and quality administration. Analysis to be performed by a third-party independent laboratory.
Title and Risk of Loss:	Title to and risk of loss of all coal bought and sold under this agreement will pass to PFC and coal will be considered to be delivered by COALSALES when it is loaded into the railcar at the mine.
Invoicing and Payment:	COALSALES will issue invoices to PFC for coal deliveries on a semi-monthly basis for coal shipped from the 1st through the 15th and the 16th through the end of each month. COALSALES will issue separate invoices for all adjustments including quality on a monthly basis. Electronic payment will be made by PFC 10 days after invoice is received.
Laws:	The price is inclusive of all government taxes, fees, royalties, and other impositions in effect as of May 12, 2004. The price is subject to adjustment after May 12, 2004 for full pass through of any subsequent changes in cost when such changes are caused by a change in existing, or enactment of new government taxes, fees, royalties, or other impositions. Seller will use commercially reasonable efforts to mitigate the impact of any Government Impositions on Buyer. A *scheduled* modification or termination of an existing law, including the elimination of the existing AML fee, shall not be cause to adjust the base price. In the event of the enactment of a new AML fee, Seller shall not be entitled to collect any new AML fee as a change in law until and unless the new AML fee exceeds the existing AML fee currently being collected as of the contract date.
Credit Policy:	Contract subject to mutually acceptable credit language.
Other Provisions:	Other terms and conditions such as force majeure, confidentiality, etc. are subject to negotiation.
Approval:	Offer is subject to both parties obtaining senior management approval.

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	26.9	28.0 [4]	8.0% MAX	30.0% MAX
SURFACE MOISTURE %	1.0	2.0	5.0% MAX	5.0% MAX.
ASH %	4.3	5.5 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.45	0.60	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	8,889	8,700 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,126	2,060 [4]	2,500 MIN.	2,200 MIN
VOLATILE %	31.8	30.0 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE *	64	56 [4]	42 MIN.[3]	65 MIN.[3]
SIZE			2" X 0"	2" X 0"
FINES (-1/4" X 0")	27.0		45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.01	0.02	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	37.0		———	———
HYDROGEN %	3.5		———	———
NITROGEN %	0.7		———	———
CHLORINE %	< 0.01		———	———
OXYGEN %	12.2		———	———

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
* @ 25.12 Moisture
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.0	0.11	Antimony	< 1	< 1
SiO_2	33.7	2.19	Arsenic	< 1	< 1
Fe_2O_3	5.5	0.31	Beryllium	< 0.2	< 0.2
Al_2O_3	17.2	0.84	Cadmium	< 0.2	< 0.2
TiO_2	1.4	0.12	Chromium	4	0.9
CaO	23.7	1.50	Cobalt	2	1.9
MgO	5.5	0.34	Fluorine	67	11.9
SO_3	8.2	0.66	Lead	2	0.7
K_2O	0.3	0.06	Lithium	3	0.8
Na_2O	1.5	0.15	Manganese	9	0.9
Undetermined	1.7	0.8	Mercury	0.05	0.02
Base/Acid Ratio	0.71	0.07	Nickel	3	1.2
Maximum Base/Acid Ratio	0.81		Selenium	< 1	< 1

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	26.9	28.0 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %	1.5	2.0	5.0% MAX.	5.0% MAX.
ASH %	4.5	5.5 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.46	0.60	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	8,900	8,700 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,130	2,060 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	31.8	30.0 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE *	62	56 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	3 x 0		2" X 0"	2" X 0"
FINES (-1/4" X 0")	27.0		45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.01	0.02	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	36.8		—	—
HYDROGEN %	3.5		—	—
NITROGEN %	0.7		—	—
CHLORINE %	< 0.01		—	—
OXYGEN %	12.2		—	—

[1]Must be met on an individual shipment basis. * @ 26.6 Moisture
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values
[5]Preferred value, coals not meeting this specification will be considered

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.0	0.15	Antimony	< 1	< 1
SiO_2	32.7	2.0	Arsenic	< 1	< 1
Fe_2O_3	5.8	0.4	Beryllium	< 0.2	< 0.2
Al_2O_3	17.8	1.2	Cadmium	< 0.2	< 0.2
TiO_2	1.4	0.15	Chromium	4	1.0
CaO	23.7	1.6	Cobalt	2	1.4
MgO	5.9	0.4	Fluorine	68	11.0
SO_3	8.2	1.4	Lead	2	1.0
K_2O	0.3	0.05	Lithium	3	1.4
Na_2O	1.5	0.15	Manganese	9	1.2
Undetermined	1.5	0.8	Mercury	0.05	0.02
Base/Acid Ratio	0.75	0.07	Nickel	3	1.4
Maximum Base/Acid Ratio	0.95		Selenium	< 1	< 1

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION
P.O. BOX 308
CEREDO, WEST VIRGINIA 25507-0308

May 11, 2004

Mr. A. W. Pitcher
Vice President – Coal Procurement
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, Florida 33701

Mr. Pitcher:

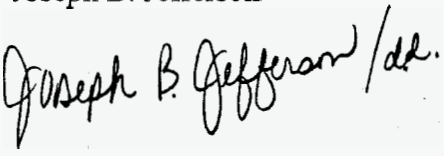
We at Progress Fuels are pleased to be able to respond to your request for coal. Our proposal will be from Diamond May Coal Company. We wish to submit the following compliance product for your consideration:

Loading Point:	Yellow Creek Tipple – CSX 42420
Moisture:	8.0% Maximum
BTU:	12,500 Minimum
Ash:	12.0% Maximum
Sulfur Dioxide:	1.2# SO_2/MM BTU Maximum
Tonnage:	3 trains per month commencing in January of 2005 and continuing through December of 2007, with a mutual agreement to reopen the arrangement prior to the end of the year, should additional trains be available, on an as needed/as available basis.
Price FOB Railcar:	[redacted] per ton for 2005 [redacted] per ton for 2006 [redacted] per ton for 2007
Premium/Penalty	BTU only -- based on a pro-rata adjustment
Weights:	Via Railroad Scales (for Buyer's Account)
Analysis:	Via mechanical sample taken at loading and analyzed by a mutually agreeable commercial laboratory.

The tonnage proposed is subject to prior sale and availability (based on current projections). Additionally, this proposal is based on the execution of a mutually agreeable purchase order or contract, including but not limited to considerations of Force Majeure, the inclusion of suspension parameters and any additional monetary premiums or penalties between the parties.

Certain economic parameters are subject to negotiation and modification, when taken in concert with other considerations. This offer will remain open for a period of 30 days, subject to all of the stipulations as detailed in this letter. We at Progress Fuels look forward to being able to discuss and fine-tune this proposal for your specific requirements, at your earliest convenience.

Joseph B. Jefferson



Director – Coal Sales
Progress Fuels Corporation

Attachment – Coal Producer Solicitation Form

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: **Progress Fuels Corporation**

STREET ADDRESS: PO Box 308, Ceredo WV

CONTACT: Joseph B. Jefferson | TELEPHONE NO. (304) 526-0757

MINE(S): Diamond May Coal Company BOM DISTRICT: Hazard | COUNTY: Knott | STATE: KY

ORIGIN RAILROAD(S)/DISTRICT: EK__X__ CV_____ Big Sandy_____
Other_____

R/R TIPPLE DESIGNATION/NUMBER: 42420 Pioneer Tipple (Yellow Creek)

TYPE OF LOADING FACILITY:
UNIT TRAIN: ___X___ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
10,500 TONS 4 HOURS 90 TRACK CAPACITY

WATER DELIVERY CAPABILITY: _____ YES _____ NO IMPORT COAL: LOAD PORT

SHIP THROUGH: _____ DOCK LOAD RATE::

TOTAL PRODUCTION CAPACITY PER MONTH: 210,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 186,000 TONS

TYPE OF MINE: 43 % DEEP 57 % STRIP _____ % AUGER

SEAMS: Amburgey, #4, #5A, #7, #8 Top | BLEND RATIOS

COAL PREPARATION: _____ RAW _____ WASHED ___X___ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Daniels Heavy Media

TYPE OF COAL SAMPLING: Mechanical Redding 2 stage system

TYPE OF LABOR CONTRACT(S): | **DATE FOR RENEGOTIATION:**

TYPE OF COAL WEIGHING: Belt Scale | SCALE CERTIFIED? _____YES ___X___NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
3 Years for the period 2005-2007	3 Trains Per Month	2005 - [redacted] 2006 - [redacted] 2007- [redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

Upon Request

'NDUSTRY REFERENCES (Minimum four):

Upon Request

SIGNATURE: Joseph B. Jefferson /dd | TITLE: Director – Coal Sales | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

CURRENT QUALITY

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.50%	8.00% [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %		3.00 %	5.0% MAX.	5.0% MAX.
ASH %	12.00%	12.00% [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.20 lb	1.20 lb	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,500	12,500 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2700 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	35.83%	32.0 % [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	43 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 X 0	2 X 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	.10	.20 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	49.05%		---	---
HYDROGEN %	5.09%		---	---
NITROGEN %	1.51%		---	---
CHLORINE %	.07%		---	---
OXYGEN %	6.52%		---	---

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
	1.77	Unknown	Antimony		Unknown
SiO_2	60.93		Arsenic	1.4	"
Fe_2O_3	3.51		Beryllium	1.7	"
Al_2O_3	27.07		Cadmium	0.04	"
TiO_2	2.37		Chromium	13	"
CaO	1.14		Cobalt	6.2	"
MgO	0.62		Fluorine		"
SO_3	0.85		Lead	7	"
K_2O	1.77		Lithium		"
Na_2O	0.37		Manganese		"
Undetermined	-		Mercury	0.03	"
Base/Acid Ratio	0.0820		Nickel		"

Maximum Base/Acid Ratio	-	"	Selenium	2.3	"

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.50%	8.00% [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %		3.00 %	5.0% MAX.	5.0% MAX.
ASH %	12.00%	12.00% [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.20 lb	1.20 lb	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	12,500	12,500 [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2800	2700 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	35.83%	32.0% [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	43 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2 X 0	2 X 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	40%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	.10	.20 %	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	49.05%		----------	----------
HYDROGEN %	5.09%		----------	----------
NITROGEN %	1.51%		----------	----------
CHLORINE %	.07%		----------	----------
OXYGEN %	6.52%		----------	----------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.77	Unknown	Antimony		Unknown
SiO_2	60.93	"	Arsenic	1.4	"
Fe_2O_3	3.51	"	Beryllium	1.7	"
Al_2O_3	27.07	"	Cadmium	0.04	"
TiO_2	2.37	"	Chromium	13	
CaO	1.14	"	Cobalt	6.2	
MgO	0.62	"	Fluorine		"
SO_3	0.85	"	Lead	7	"
K_2O	1.77	"	Lithium		
Na_2O	0.37	"	Manganese		
Undetermined	-	"	Mercury	0.03	

Triton Coal Company, LLC
Lexington Sales Office

One Paragon Centre, Suite 110
2525 Harrodsburg Road
Lexington, KY 40504
Bus: (859) 223-8820
Fax: (859) 223-8744

2 BIDS

May 11, 2004

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, Florida 33701

Dear Mrs. Ott:

Triton Coal Company, LLC is pleased to respond to your RFP, dated April 12, 2004, for coal supply to Progress Fuels' Crystal River Plant. This proposal is made in accordance with the terms and conditions set forth below:

Source: North Rochelle mine, located approximately 55 miles south of Gillette in Campbell County, Wyoming, and is served by both the BNSF and UP railroads. Buckskin mine, located approximately 14 miles north of Gillette in Campbell County, Wyoming, and is served by the BNSF railroad. Both mines are owned and operated by Triton Coal Company, LLC.

Term: As indicated on the attached Coal Producer's Solicitation Forms.

Quantity: As indicated on the attached Coal Producer's Solcitation Forms, with actual nominated quantity to be determined prior to the execution of a Coal Supply Agreement.

Price: As indicated on the attached Coal Producer's Solcitation Forms. Prices shall remain fixed for each term of the Agreement, except for adjustments (premium/penalty) for quality (Btu and SO_2), and for changes in laws, taxes or other governmental impositions that may occur subsequent to the date of this proposal. The price for North Rochelle is based on 8,800 Btu and 0.80# SO_2 guarantees. The price for Buckskin is based on 8,400 Btu and 0.80# SO_2 guarantees.

Quality: As indicated on the attached Coal Producer's Solicitation Forms

Sampling & Analysis: Sampling to be performed by Seller utilizing ASTM certified three-stage mechanical sampling system at mine loading facility. Analysis to be performed by a mutually agreeable independent laboratory in accordance with ASTM standards.

Weights: Weights to be provided by Seller utilizing certified batch and/or certified weigh-in-motion scales.

Invoicing & Payment: Triton prefers semi-monthly invoicing, 1st through 15th and, 16th through the end of the month, with payment fifteen (15) days from date of receipt of invoice.

Acceptance of this offer constitutes a present and binding obligation to buy and sell coal under the stated commercial terms of these proposals and is not otherwise dependent on the satisfaction of any condition, including, but not limited to, the negotiation and execution of a Coal Supply Agreement. This offer shall remain firm through June 12, 2004, unless extended by mutual agreement, and is subject to prior sale.

- Thank you for the opportunity to submit this proposal for Progress Fuels Corporation's consideration. Should you have questions, or require additional information, please contact me at (859) 223-8820.

Sincerely,

Bob Gabbard / dm

Robert B. Gabbard
Vice President

Attachments

cc: Jim Hake
Mark Pettibone
Steve Sears
Brad Clark
Terry Wilkerson

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Triton Coal Company, LLC

STREET ADDRESS: 113 S. Gillette Ave., Suite 203; Gillette, WY 82716

CONTACT: Bob Gabbard | TELEPHONE NO. 859-223-8820

MINE(S): Buckskin | BOM DISTRICT: WY | COUNTY: Campbell | STATE: WY

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other BNSF-PRB | R/R TIPPLE DESIGNATION/NUMBER: Buckskin Mine

TYPE OF LOADING FACILITY:
UNIT TRAIN: X | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
16,500 TONS | 4 HOURS | 2 unit trains 136 cars TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: no preference DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 1.6mm TONS

PRODUCTION PER MONTH--MEETING OUR COAL SPECIFICATIONS: 1.6mm TONS

TYPE OF MINE: ____% DEEP | 100 % STRIP | ____% AUGER

SEAMS: Anderson, Canyon | BLEND RATIOS: n/a

COAL PREPARATION: X RAW | ____ WASHED | ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: ASTM certified three-stage mechanical sampler

TYPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION: n/a

TYPE OF COAL WEIGHING: Batch & weigh-in-motion | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1,2005-December 31, 2007	1.0mm tons/year	* [redacted] firm for 3 years

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: *Price is based on 8,400 Btu and 0.80 # SO2 guarantees

CREDIT REFERENCES (Minimum two): Fairmont Supply Company - 307-686-2400
Wyoming Machinery Company - 307-472-1000

INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric; Western Farmers; Dynegy; PP&L

SIGNATURE: Robert Gabbard IV | TITLE: Vice President | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED 3 train minimum	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	29.95	30.00 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	5.15	5.50 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.83	0.90*	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	8,400	8,300* [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,226	2,200 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	30.25	31.00 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	62	65 [4]	42 MIN.[3]	65 MIN.[3]
SIZE	2"x0	2"x0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	20%	25%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.04	0.10	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	34.65	n/a	———	———
HYDROGEN %	3.24	n/a	———	———
NITROGEN %	0.63	n/a	———	———
CHLORINE %	0.01	n/a	———	———
OXYGEN %	11.67	n/a	———	———

[1]Must be met on an individual shipment basis. *Price adjustments based on 8400 Btu & 0.80# SO2
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.90	0.32	Antimony	0.20	0.05
SiO_2	31.27	2.91	Arsenic	2.00	0.40
Fe_2O_3	7.08	0.75	Beryllium	0.30	0.10
Al_2O_3	13.15	0.90	Cadmium	0.05	0.02
TiO_2	1.11	0.18	Chromium	4.00	2.00
CaO	25.75	1.53	Cobalt	1.50	1.00
MgO	5.89	0.54	Fluorine	27.60	5.00
SO_3	10.98	2.27	Lead	2.00	1.00
K_2O	0.19	0.07	Lithium	3.00	1.60
Na_2O	1.70	0.25	Manganese	21.00	8.00
Undetermined	0.97		Mercury	0.09	0.02
Base/Acid Ratio	0.89		Nickel	5.00	2.00
Maximum Base/Acid Ratio	1.10		Selenium	1.20	0.40

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Triton Coal Company, LLC

STREET ADDRESS: 113 S. Gillette Ave., Suite 203; Gillette, WY 82716

CONTACT: Bob Gabbard | TELEPHONE NO. 859-223-8820

MINE(S): North Rochelle | BOM DISTRICT: WY | COUNTY: Campbell | STATE: WY

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other PRB UP/BNSF | R/R TIPPLE DESIGNATION/NUMBER: North Rochelle

TYPE OF LOADING FACILITY:
UNIT TRAIN: X | SINGLE CAR: _____ | TRAINLOAD _____

MAXIMUM LOADING CAPACITY:
18,000 TONS | 4 HOURS | 4 unit trains @ 150 cars TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: no preference DOCK | LOAD RATE.. _____

TOTAL PRODUCTION CAPACITY PER MONTH: 2mm TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 2mm TONS

TYPE OF MINE: ____% DEEP | 100 % STRIP | ____% AUGER

SEAMS: Lower Canyon | BLEND RATIOS: n/a

COAL PREPARATION: 100% RAW | ____ WASHED | ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: ASTM certified three-stage mechanical sampler

TYPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION: n/a

TYPE OF COAL WEIGHING: Batch & weigh-in-motion | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1, 2005-December 31, 2007	1.0mm tons/year	[redacted] firm for 3 years *

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: *Price is based on 8,800 Btu and 0.80# SO2 guarantees

CREDIT REFERENCES (Minimum two): Fairmont Supply Company - 307-686-2400
Wyoming Machinery Company - 307-472-1000

INDUSTRY REFERENCES (Minimum four): Oklahoma Gas & Electric; Western Farmers; Dynegy & PP&L

SIGNATURE: Robert Gabbard | TITLE: Vice President | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

PRODUCER NAME: Triton Coal Company, LLC

STREET ADDRESS: 113 S. Gillette Ave., Suite 203; Gillette, WY 82716

CONTACT: Bob Gabbard | TELEPHONE NO. 859-223-8820

MINE(S): North Rochelle | BOM DISTRICT: WY | COUNTY: Campbell | STATE: WY

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other PRB UP/BNSF | R/R TIPPLE DESIGNATION/NUMBER: North Rochelle

TYPE OF LOADING FACILITY:
UNIT TRAIN: X | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
18,000 TONS | 4 HOURS | 4 unit trains @ 150 cars TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: no preference DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 2mm TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 2mm TONS

TYPE OF MINE: ____% DEEP | 100 % STRIP | ____% AUGER

SEAMS: Lower Canyon | BLEND RATIOS: n/a

COAL PREPARATION: 100% RAW | ____ WASHED | ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: ASTM certified three-stage mechanical sampler

TYPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION: n/a

TYPE OF COAL WEIGHING: Batch & weigh-in-motion | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1-December 31, 2005	1.0 mm	* [redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: *Price is based on 8,800 Btu and 0.80# SO2 guarantees

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PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
CRYSTAL RIVER 4 & 5

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED 3 train minimum	BITUMINOUS "AS RECEIVED" GUARANTEED	SUB-BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	27.57	28.50 [4]	8.0% MAX.	30.0% MAX.
SURFACE MOISTURE %			5.0% MAX.	5.0% MAX.
ASH %	4.62	5.20 [4]	10.0% MAX.[2]	7.8% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	0.55	0.65*	1.2 LB/MAX.[1]	1.2 LB/MAX.[1]
BTU/LB	8,768	8,650* [4]	12,300 MIN.	8,200/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,165	2,100 [4]	2,500 MIN.	2,200 MIN.
VOLATILE %	32.90	31.50 [4]	31.0% MIN.[1]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	64	63 [4]	42 MIN [3]	65 MIN [3]
SIZE	2"x0	2"x0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	42%	45%	45% MAX.[5]	30% MAX.[5]
PYRITIC SULFUR	0.02	n/a	0.2% MAX.[1]	0.2% MAX.[1]
FIXED CARBON %	34.80	n/a	—	—
HYDROGEN %	3.72	n/a	—	—
NITROGEN %	0.73	n/a	—	—
CHLORINE %	0.02	n/a	—	—
OXYGEN %	12.50	n/a	—	—

[1]Must be met on an individual shipment basis. *Price adjustment based on 8,800 Btu & 0.80# SO2
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	1.00	0.24	Antimony	0.19	0.11
SiO_2	32.42	2.43	Arsenic	0.60	0.20
Fe_2O_3	5.78	0.49	Beryllium	0.10	0.10
Al_2O_3	15.34	0.97	Cadmium	0.05	0.01
TiO_2	1.39	0.16	Chromium	2.00	1.00
CaO	25.05	1.93	Cobalt	1.70	0.30
MgO	5.59	0.44	Fluorine	83.70	12.20
SO_3	8.26	1.15	Lead	1.00	0.00
K_2O	0.32	0.09	Lithium	2.6	0.49
Na_2O	2.07	0.39	Manganese	8.00	2.00
Undetermined	2.99		Mercury	0.06	0.02
Base/Acid Ratio	0.75		Nickel	3.00	1.00
Maximum Base/Acid Ratio	1.00		Selenium	0.50	0.10

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

COAL QUALITY

COMPANY: Triton Coal Company, LLC

MINE: North Rochelle

	MEAN	STANDARD DEVIATION	NUMBER OF ANALYSIS	OCCURRENCE	
				Maximum	Minimum
PROXIMATE ANALYSIS (% By Weight, As-Received Basis)					
Moisture	27.57	0.37	1620	28.89	26.17
Ash	4.62	0.37	1620	6.82	3.89
Volatile Matter	32.90	0.73	272	35.30	30.90
Fixed Carbon	34.80	0.76	272	36.58	32.81
Sulfur	0.20	0.02	1620	0.33	0.09
Btu/Lb.	8,768	61	1620	8,978	8,404
ULTIMATE ANALYSIS (% By Weight, As-Received Basis)					
Moisture	27.90	0.72	68.00	29.25	26.12
Carbon	52.23	0.94	31.00	53.69	50.40
Hydrogen	3.72	0.26	31.00	4.23	3.42
Nitrogen	0.73	0.12	31.00	1.04	0.55
Chlorine	0.02	0.01	13.00	0.04	0.00
Sulfur	0.20	0.02	40.00	0.26	0.16
Ash	4.37	0.39	40.00	5.40	3.72
Oxygen	12.50	0.99	31.00	13.91	11.01
SULFUR FORMS (% By Weight, As-Received Basis)					
Sulfate					
Organic					
Pyritic					
MINERALS OF ASH (% Weight Of Ash)					
Silica	32.42	2.43	252.00	42.71	27.60
Alumina	15.34	0.97	252.00	19.47	13.05
Sodium Oxide	2.07	0.39	450.00	2.60	1.69
Potassium Oxide	0.32	0.09	252.00	0.72	0.17
Lime	25.05	1.93	252.00	29.33	17.14
Magnesium Oxide	5.59	0.44	252.00	7.00	3.68
Titania	1.39	0.16	252.00	1.81	0.75
Phosphorus Pentoxide	1.00	0.24	37.00	1.55	0.58
Sulfur Trioxide	8.26	1.15	252.00	13.00	5.59
Ferric Oxide	5.78	0.49	252.00	7.18	4.33
Undetermined	2.99	0.77	252.00	4.45	0.33
WATER SOLUBLE ALKALI					
Sodium Oxide	0.15	0.02	158.00	0.20	0.12
Potassium Oxide	NA	NA	NA	NA	NA

COAL QUALITY - (Continued)

COMPANY: Triton Coal Company, LLC

MINE: North Rochelle

	MEAN	STANDARD DEVIATION	NUMBER OF ANALYSIS	OCCURRENCE	
				Maximum	Minimum
MISCELLANEOUS					
Hardgrove Grindability Index	64.2	9.23	33	84	42
Equilibrium Moisture	26.21	0.65	40	27.71	24.93
Slag Viscosity	NA	NA	NA	NA	NA
Apparent Specific Gravity	NA	NA	NA	NA	NA
ASH FUSION TEMPERATURES (degrees F)					
Reducing Atm: Initial Deformation	2,160	48	320	2,301	2,050
Reducing Atm: Softening	2,165	47	320	2,303	2,075
Reducing Atm: Hemispherical	2,175	49	320	2,315	2,082
Reducing Atm: Fluid	2,185	49	320	2,321	2,090
Oxidizing Atm: Initial Deformation	2,205	48	68	2,324	2,140
Oxidizing Atm: Softening	2,215	54	68	2,340	2,170
Oxidizing Atm: Hemispherical	2,226	58	68	2,365	2,177
Oxidizing Atm: Fluid	2,231	64	68	2,380	2,200
TRACE ELEMENTS (PPM in Coal) (*Indicates special interest)					
Antimony	0.19	0.11	17.00	0.39	0.05
Arsenic*	0.60	0.20	17.00	0.90	0.30
Barium	314.00	43.00	17.00	381.00	239.00
Beryllium*	0.10	0.10	17.00	0.30	0.10
Boron	25.00	3.00	17.00	30.00	21.00
Bromine	25.70	7.70	17.00	37.40	9.70
Cadmium*	0.05	0.01	17.00	0.08	0.03
Chlorine	166.00	33.00	17.00	244.00	121.00
Chromium*	2.00	1.00	17.00	3.00	2.00
Cobalt	1.70	0.30	17.00	2.50	1.20
Copper	9.00	1.00	17.00	10.00	8.00
Fluorine*	83.70	12.20	17.00	107.40	67.60
Lead*	1.00	0.00	17.00	1.00	1.00
Manganese	8.00	2.00	17.00	10.00	3.00
Mercury*	0.06	0.02	17.00	0.08	0.02
Nickel	3.00	1.00	17.00	4.00	2.00
Phosphorus	NA	NA	NA	NA	NA
Selenium*	0.50	0.10	17.00	0.70	0.30
Strontium	150.00	14.00	17.00	171.00	120.00
Titanium	NA	NA	NA	NA	NA
Uranium	1.00	0.00	17.00	1.00	<1
Vanadium	11.00	1.00	17.00	13.00	10.00
Zinc	5.00	2.00	17.00	9.00	2.00

COAL QUALITY

COMPANY: Triton Coal Company, LLC

MINE: Buckskin

	MEAN	STANDARD DEVIATION	NUMBER OF ANALYSIS	OCCURRENCE Maximum	OCCURRENCE Minimum
PROXIMATE ANALYSIS (% By Weight, As-Received Basis)					
Moisture	29.90	1.15		32.00	27.5(
Ash	5.25	1.19		7.50	4.4(
Volatile Matter	30.25	1.09		32.50	28.1(
Fixed Carbon	34.60	1.33		36.20	32.4(
Sulfur	0.36	0.09		0.50	0.2[
Btu/Lb.	8,400	122		8,500	8,100
ULTIMATE ANALYSIS (% By Weight, As-Received Basis)					
Moisture	29.90	1.15		32.00	27.5(
Carbon	48.90	0.67		50.30	47.7(
Hydrogen	3.10	0.16		3.40	2.5(
Nitrogen	0.60	0.07		0.70	0.4[
Chlorine	0.01	0.01		0.03	0.0(
Sulfur	0.40	0.09		0.50	0.2[
Ash	5.25	1.19		7.50	4.4(
Oxygen	11.85	1.43		13.60	10.0(
SULFUR FORMS (% By Weight, As-Received Basis)					
Sulfate	0.01	0.01		0.01	0.01
Organic	0.30	0.10		0.50	0.1[
Pyritic	0.04	0.05		0.10	0.0(
MINERALS OF ASH (% Weight Of Ash)					
Silica	30.50	5.10		40.80	21.2(
Alumina	13.50	1.70		18.00	10.0(
Sodium Oxide	1.75	0.24		2.10	0.9(
Potassium Oxide	0.20	0.09		0.50	0.1(
Lime	25.75	3.74		32.60	16.6(
Magnesium Oxide	5.80	1.12		8.20	3.8(
Titania	1.10	0.32		1.40	0.6(
Phosphorus Pentoxide	0.80	0.58		1.50	0.3[
Sulfur Trioxide	11.00	3.20		18.60	5.8(
Ferric Oxide	6.50	2.18		9.00	4.0(
Undetermined	3.10				
WATER SOLUBLE ALKALI					
Sodium Oxide	0.13	0.02		0.18	0.11
Potassium Oxide	n/a	n/a		n/a	n/a

COAL QUALITY - (Continued)

COMPANY: Triton Coal Company, LLC

MINE: Buckskin

	MEAN	STANDARD DEVIATION	NUMBER OF ANALYSIS	OCCURRENCE	
				Maximum	Minimum
MISCELLANEOUS					
Hardgrove Grindability Index	55	6		62	5(
Equilibrium Moisture	29.05	0.85		31.00	27.2(
Slag Viscosity	n/a	n/a		n/a	n/a
Apparent Specific Gravity	1.27	0.25		1.31	1.1(
ASH FUSION TEMPERATURES (degrees F)					
Reducing Atm: Initial Deformation	2,189	107		2,397	2,085
Reducing Atm: Softening	2,206	105		2,415	2,114
Reducing Atm: Hemispherical	2,212	107		2,441	2,122
Reducing Atm: Fluid	2,231	101		2,468	2,146
Oxidizing Atm: Initial Deformation	2,239	86		2,430	2,159
Oxidizing Atm: Softening	2,251	88		2,444	2,165
Oxidizing Atm: Hemispherical	2,258	90		2,453	2,175
Oxidizing Atm: Fluid	2,277	93		2,484	2,197
TRACE ELEMENTS (PPM in Coal) (*Indicates special interest)					
Antimony	0.20	0.05		0.40	0.1
Arsenic*	2.00	0.40		2.60	1.0(
Barium	380.00	50.00		480.00	300.0(
Beryllium*	0.30	0.10		0.50	0.1(
Boron	50.00	4.00		60.00	40.0(
Bromine	20.00	2.00		25.00	15.0(
Cadmium*	0.05	0.02		0.07	0.0
Chlorine	240.00	105.00		400.00	120.0(
Chromium*	4.00	2.00		8.00	2.0(
Cobalt	1.50	1.00		5.10	0.8(
Copper	9.00	2.00		14.00	4.0(
Fluorine*	27.60	5.00		34.90	17.0(
Lead*	2.00	1.00		4.00	1.0(
Manganese	21.00	8.00		45.00	12.0(
Mercury*	0.09	0.02		0.12	0.0
Nickel	5.00	2.00		10.00	2.0(
Phosphorus	n/a	n/a		n/a	n/a
Selenium*	1.20	0.40		2.00	0.4(
Strontium	270.00	40.00		380.00	200.0(
Titanium	n/a	n/a		n/a	n/a
Uranium	0.50	0.01		1.00	0.3(
Vanadium	12.00	4.00		20.00	7.0(
Zinc	11.00	3.00		20.00	3.0(

ADDITIONAL PURCHASES

2005–2006

COPIES

COAL PURCHASE CONFIRMATION

Buyer:	Progress Fuels Corporation One Progress Plaza, BT10C 200 Central Avenue St. Petersburg, FL 33701 UNITED STATES OF AMERICA (P) 727-824-6692 (F) 727-824-6601	Seller:	Coal Marketing Company Ltd. 7 Bachelor's Walk Dublin 1, Ireland (P) 353-1-878-7799 (F) 353-1-878-7803

The purpose of this letter is to confirm the agreement entered into this 25th day of October, 2004, between Coal Marketing Company Ltd. ("Seller") and Progress Fuels Corporation ("Buyer"), individually a "Party" and collectively the "Parties", regarding the sale and purchase of Coal (the "Transaction") under the terms specified herein.

This Coal Purchase Confirmation (the "Confirmation"), and the General Terms and Conditions ("GTC") that each are attached hereto or transmitted herewith and which shall supplement and are incorporated into this Confirmation, shall be referred to herein as the "Agreement". Any capitalized term used in this Agreement and not defined in the Section in which it appears shall have the meaning set forth in Section 1 of the GTC. Commencement of deliveries of Coal (as defined herein) by Seller under the Transaction described herein shall constitute acceptance of the terms set forth in this Agreement, without regard to whether or not Seller has actually signed this Confirmation. In the event of any conflict between this Confirmation and the GTC, the terms of this Confirmation shall prevail. Notwithstanding any other agreement between the Parties to the contrary, any terms and conditions proposed by Seller that purport to modify, supplement or amend this Agreement shall not be binding upon Buyer unless Buyer has expressly agreed to such terms and conditions in writing.

Product Description:	**Steam Coal in Bulk**
Seller:	Coal Marketing Company Ltd.
Buyer:	Progress Fuels Corporation
Term:	October 2004—December 2006
Contract Quantity:	**510,000 total tons +/- 10% shipped** in lots at Seller's option between 55,000 tons and 75,000 tons.
Contract Price:	[redacted]
Delivery Point:	Shall be the point designated as such in the Delivery Specifications attached hereto as Exhibit 1.
Production Source(s):	Cerrejon Mines
Destination Plant(s):	**Progress Energy** Florida's Crystal River Units 4 & 5
Delivery Schedule:	**September 2004**—December 2005 = 210,000 tons +/- 10% January 2006—December 2006 = 300,000 tons +/- 10% Shipping schedule to be determined and mutually agreed upon.
Delivery Specifications:	The Parties agree to comply with the Delivery Specifications attached hereto as Exhibit 1. In the event of any conflict between the Delivery Specifications and the GTC, the terms of the Delivery Specifications shall prevail.
Quality Specifications:	All Coal delivered hereunder shall meet the Quality Specifications specified in the following table for each of the listed criteria. The Rejection Limits shall be as specified in the following table for each of the listed criteria. All amounts are as measured on an as-received basis in accordance with ASTM standards.

	Quality Specification	Rejection Limit
BTU:	11,800 Btu/lb. monthly weighted average	11,500 Btu/lb.
SO_2 lbs./MMBtu:	1.2 lbs. monthly weighted average	greater than1.2 lbs.
Moisture:	11.3 % maximum	greater than 12.6 %
Ash:	7.3 % maximum	greater than 10 %
Volatile Matter:	33.5 % minimum	less than 31 %
HGI:	47 minimum	less than 42
AST:	2320°F minimum	less than 2280°F
Pyritic Sulfur	less than 0.2	greater than 0.25
Sizing:	2" x 0"	greater than 55% by weight fines passing ¼" screen

Quality Price Adjustments:

(1) **BTU Price Adjustment Calculation.** If, on a per shipment basis, the weighted average for BTU content for Coal delivered hereunder is either above or below the Quality Specification for BTU content specified above, an adjustment to the Contract Price (either an increase or decrease, as the case may be), shall be made with respect to such Coal as follows:

$$\text{Contract Price} \times \frac{\text{(Actual Btu/lb. – Quality Specification Btu/lb.)}}{\text{Quality Specification Btu/lb.}}$$

The Contract Price applicable to such Coal shall be adjusted upward if the Actual Btu/lb. exceeds the Quality Specification for Btu/lb. and the Contract Price applicable to such Coal shall be adjusted downward if the Actual Btu/lb. is less than the Quality Specification for Btu/lb.

(2) **SO_2 Price Adjustment Calculation.** If the weighted average, on a per shipment basis, for SO_2 content for Coal delivered hereunder is below the Quality Specification for SO_2 content specified above, less a .2# SO_2 dead band, an adjustment to the Contract Price, shall be made with respect to such Coal as follows:

$$(\text{Quality Specification } SO_2 - \text{Actual } SO_2) \times \frac{\text{(Quality Specification Btu/lb. x Allowance Price)}}{1{,}000{,}000}$$

However, if the weighted average, on a per shipment basis, is above the Quality Specifications for SO_2 content specified above, with no dead band, the cargo will be rejected in accordance with Section 6(b). In lieu of rejection, the following adjustment will be made.

Current Contract Price x [redacted] = Penalty

Where "Allowance Price" means the "SO_2 Monthly Price" or "SO_2 Allowance Price", as the case may be, that relates to the applicable month in which such Coal was delivered, as reflected in Coal Daily as published by Argus Media Ltd. or any successor thereto.

(3) **Ash, Moisture, and Grind (HGI) Price Adjustment Calculations.**

Ash. If the ash content of any Shipment of Coal delivered hereunder exceeds the Quality Specification for "Ash" in the table above, the Contract Price for such Coal shall be reduced by [redacted] per ton for each one percent (1%) variation from the Quality Specification. If the ash content of any Shipment of Coal delivered hereunder is less than the Quality Specification for "Ash" in the table above, the Contract Price for such

Coal shall be increased by [redacted] per ton for each one percent (1%) variation from the Quality Specification.

Moisture. If the moisture content of any Shipment of Coal delivered hereunder exceeds the Quality Specification for "Moisture" in the table above, the weight for such Coal shall be reduced by [redacted] for each one percent (1%) variation from the Quality Specification.

Grindability (HGI). If the grindability (HGI) of any Shipment of Coal delivered hereunder is less than the Quality Specification for "HGI" in the table above, the Contract Price for such Coal shall be reduced by [redacted] per ton for each point variation from the Quality Specification.

Billing and Payment: With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller according to the following schedule: (1) For Coal received at the location designated by Buyer for unloading from the first (1st) day of a month in which deliveries are made ("Delivery Month") through the fifteenth (15th) day of such Delivery Month and for which payment has not previously been received, payment will be made on or before the tenth (10th) day of the month immediately following such Delivery Month; and (2) For Coal received during the remainder of such Delivery Month and for which payment has not previously been received, payment will be made on or before the twenty-fifth (25th) day of the month immediately following such Delivery Month. With respect to the payment of Quality Price Adjustments (as specified above), the calculation of such price adjustments shall be completed by the end of the month immediately following the applicable Delivery Month. Payment of Quality Price Adjustments shall be made by the 25th day of the month immediately following the calculation of such Quality Price Adjustments.

CEMS: Coal supplied under this Agreement shall be reasonably consistent throughout each shipment with respect to SO_2. If, in the opinion of Buyer, CEMS readings would exceed 1.2LB, then Seller shall reimburse Buyer additional costs associated with offloading, stockpiling, or blending the affected cargo.

This Confirmation shall supersede any broker confirmation concerning this Transaction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed (including by means of facsimile signatures), by their respective duly authorized representatives as of the first date mentioned herein.

Sincerely,

Progress Fuels Corporation

By: _____
Name: A. W. Pitcher
Title: Vice President-Coal Procurement
Date: 10/25/04

AGREED TO AND ACCEPTED BY:

Coal Marketing Company Ltd.

By: _____
Name: H.C. GATISS
Title: CEO
Date: 18 NOV 04

GENERAL TERMS AND CONDITIONS
TO COAL PURCHASE CONFIRMATION DATED OCTOBER 25, 2004

These General Terms and Conditions ("GTC") shall supplement and be incorporated into the confirmation to which they are attached or with which they are transmitted (the "Confirmation").

1. Definitions.

"Bankruptcy Proceeding" means with respect to a Party or entity, such Party or entity (a) makes an assignment or any general arrangement for the benefit of creditors, (b) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it, (c) otherwise becomes bankrupt or insolvent (however evidenced) or (d) is unable to pay its debts as they fall due.

"Business Day" means any day on which the Federal Reserve member banks in New York City are open for business. A Business Day shall run from 8:00 a.m. to 5:00 p.m. Eastern Prevailing Time.

"Buyer" means the entity specified as such on the Confirmation.

"Coal" means crushed bituminous coal, containing no synthetic fuels, and reasonably free from any extraneous material (including, but not limited to, mining debris, bone, slate, iron, steel, petroleum coke, earth, rock, pyrite, wood and blasting wire) other than mineral matter naturally incorporated into the coal during the mining process, with no intermediate sizes added or removed and otherwise meeting the Quality Specifications set forth in the Confirmation to be sold by Seller and purchased by Buyer hereunder.

"Contract Price" means the price in $U.S. per Ton, as set forth in the Confirmation, to be paid by Buyer to Seller for Coal delivered hereunder.

"Costs" means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred by the Non-Defaulting Party as a result of entering into new purchase or sale (as applicable) arrangement(s) with one or more third parties in order to replace the quantity of Coal not delivered or received hereunder as a result of the early termination of this Agreement. In no event shall such costs include any penalties or similar charges.

"Defaulting Party" shall have the meaning set forth in Section 11.

"Delivery Point" shall have the meaning set forth in the Delivery Specifications.

"Delivery Specifications" means the delivery specifications attached hereto as Exhibit 1

"Destination Plant" means one of Buyer's electric generating plants, as specified in the Confirmation (if applicable).

"Force Majeure" means an event or circumstance which prevents one Party (the "Claiming Party") from performing its obligations under this Agreement, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Notwithstanding the foregoing, Force Majeure shall not include (i) the Buyer's ability to purchase replacement coal at a price lower than the price set forth in this Agreement; or (ii) the loss of Seller's supply or Seller's ability to sell the Coal at a more advantageous price.

"Gains" means, with respect to a Party, an amount equal to the present value of the economic benefit, if any, (exclusive of Costs) to it resulting from the termination of this Agreement, determined in a commercially reasonable manner.

"Guarantee" means a guarantee from a Party's corporate parent or other affiliate that is issued to the other Party to this Agreement (as beneficiary thereof), to support the obligations of such first Party.

"Guarantor" means with respect to either Party, the entity that has provided a Guarantee to support the obligations of such Party under this Agreement.

"Independent Analysis" shall have the meaning set forth in Section 6.

"Interest Rate" means the Federal Funds (Effective) rate for that day opposite the caption in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

"Letter of Credit" means one or more irrevocable, transferable, standby letters of credit from a major U.S. commercial bank or a U.S. branch office of a major commercial foreign bank, with such bank having a credit rating of at least "A-" from the Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.) or "A3" from Moody's Investor Services, Inc. and capital surplus of at least $10,000,000,000,.00. Such letter of credit shall be in substance, tenor and format reasonably acceptable to the Party requesting the letter of credit.

"Losses" means, with respect to a Party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of this Agreement, determined in a commercially reasonable manner.

"New Tax" shall have the meaning set forth in Section 5.

"Non-conforming Shipment" shall have the meaning set forth in Section 6(b).

"Non-Defaulting Party" shall have the meaning set forth in Section 11

"Party" or "Parties" means either or both Buyer and Seller, as applicable.

"Performance Assurance" means collateral in the form of cash, Letter(s) of Credit, or other security reasonably acceptable to the requesting Party.

"Production Source(s)" shall mean the source or sources from which the Coal to be delivered pursuant to this Agreement will be produced as specified in the Confirmation.

"Quality Specifications" means the specifications for the Coal as set forth in the Confirmation.

"Rejection Limits" means the rejection limits for the Coal as set forth in the Confirmation.

"Replacement Price" means the price at which Buyer, acting in a commercially reasonable manner, purchases replacement for the Coal not delivered by Seller hereunder plus any costs reasonably incurred by Buyer in purchasing such substitute coal, including without limitation any additional transportation and/or storage charges, if any. Absent such a purchase of substitute coal, the Replacement Price shall be the market price for similar coal as determined by Buyer in a commercially reasonable manner.

"Sales Price" means the price at which Seller, acting in a commercially reasonable manner, resells all or any portion of the Coal not received by Buyer hereunder, deducting from such proceeds any costs reasonably incurred by Seller in reselling such Coal, including any additional transportation and/or storage charges, if any, reasonably incurred by Seller in delivering such coal to any third party purchasers. Absent such a re-sale, the Sales Price shall the market price for similar coal as determined by Seller in a commercially reasonable manner.

"Seller" means the entity specified as such on the Confirmation.

"Shipment" means, as applicable, one barge load or one Vessel load of Coal.

"Taxes" shall mean any or all ad valorem, property, occupation, severance, generation, first use, conservation, Btu or energy, utility, gross receipts, privileged, sales, use, consumption, excise, lease transaction and other taxes,

governmental charges, licenses, fees permits and assessments, or increases therein, other than taxes based on net income or net worth.

"Ton" means a net ton of two thousand (2,000) pounds avoirdupois weight.

"Vessel" means any ocean-going barge, tow (or any combination or boats or barges with the ability to function as a single unit) or other vessel that Seller nominates to deliver Coal hereunder.

2. Purchase and Sale Obligations, Inspection, Weighing and Scheduling.

(a) Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase and receive from Seller, the Contract Quantity of Coal to be delivered at the Delivery Point as provided in the Confirmation. All Coal shall be of a quality which does not meet or exceed any of the Rejection Limits specified in the Confirmation (unless it is otherwise accepted by Buyer). Such Coal shall (i) contain no synthetic fuels, (ii) be reasonably free from any extraneous materials, (iii) be consistent in quality throughout a Shipment, and (iv) meet the size required. Seller or Seller's designated agent will visually inspect all Vessels prior to loading and ascertain that the Vessels are empty and suitable for loading. Any Vessels found unsuitable for loading or contaminated with material shall not be loaded and the applicable transporter shall be notified by Seller of such rejected Vessels. Seller shall be responsible for all costs incurred by Buyer, including the cost of any Coal lost in transit, resulting from Seller's failure to properly inspect the Vessels. If Buyer should experience (or reasonably be expected to experience) difficulties in unloading, handling or utilization of the Coal delivered by Seller (excluding difficulties arising directly from Buyer's negligence), Buyer has the right, but not the obligation, to reject any such Shipment. Buyer's right to reject applies to all Shipments under this Agreement. Prior to any such rejection, Buyer shall notify Seller, at which time Seller may inspect such Coal. Seller agrees to immediately take title to such rejected Shipment and reimburse Buyer for any expenses incurred by Buyer in transporting, handling, unloading or utilization of such rejected Coal.

(b) The weight of the Coal delivered under this Agreement shall be determined by Buyer causing a marine surveyor to take a draught survey at the unloading port of each Vessel delivering Coal hereunder. Such draught survey shall be performed at Buyer's expense. The weights so derived shall be the basis upon which payment shall be made for Coal delivered hereunder. Seller shall provide loading weights to Buyer for informational purposes prior to vessel arrival at unload port. However, if difference between weight of coal delivered at loading and discharge port exceeds 1.0% then the average of the two weights will be final and binding for the parties.

(c) Unless otherwise specified in the Confirmation, scheduling of deliveries under this Agreement shall be determined by mutual agreement of Buyer and Seller. If Seller has reason to believe that any deliveries hereunder will not be made when scheduled, Seller shall provide Buyer with written notice setting forth the reason for the anticipated delay. Buyer shall have sole discretion whether or not to accept or reject any delayed deliveries and any acceptance thereof shall be without prejudice to any of Buyer's rights hereunder. Seller shall be responsible for any demurrage or penalties resulting from the delay. Within twenty-four hours (24) of completion of the loading of each Shipment, Seller shall notify Buyer via facsimile of the loading completion date, the weight associated with such Shipment, and either the Independent Analysis or the mine lab's analysis (if the Independent Analysis is not yet available), of each Shipment. No Coal shall be unloaded hereunder without prior receipt by Buyer of the either the Independent Analysis or the mine lab's analysis (as the case may be) for each Shipment. Seller shall be responsible for any demurrage incurred by Buyer while awaiting receipt of the information described in the previous sentence. Except as otherwise provided in the Confirmation, Seller shall be obligated to deliver and Buyer shall be obligated to accept, one hundred percent (100%) of the Coal scheduled for delivery. Any shortfall in scheduled deliveries shall only be made up at Buyer's sole discretion. Buyer shall not be required to accept any quantity of Coal delivered that is in excess of the total amount of Coal scheduled for delivery; provided, however, that if Buyer accepts such excess quantity of Coal, Buyer may, upon written notice to Seller, require that such excess amounts be deducted from the quantity of Coal to be delivered during the remainder of the Term.

3. Title; Risk of Loss. Unless otherwise specified in the Delivery Specifications, title to and risk of loss of the Coal shall pass from Seller to Buyer at the Delivery Point. Seller warrants that it shall have good and marketable title to the Coal and shall deliver such Coal to Buyer free and clear of all claims and encumbrances arising prior to the transfer of title to Buyer. Seller shall indemnify, defend and hold harmless Buyer from any and all claims

arising with respect to the Coal or any loss thereof prior to the point that title and risk of loss have passed to Buyer. Buyer shall indemnify, defend and hold harmless Seller from any and all claims arising with respect to the Coal or any loss thereof after the point that title and risk of loss have passed to Buyer.

4. **Taxes and Other Liabilities. Each Party shall use reasonable efforts to administer this Agreement and** implement its provisions in accordance with the intent to minimize Taxes. Seller shall be solely responsible for all Taxes relating to the mining, beneficiation, production, sale, use, loading and delivery of Coal to Buyer or in any way accrued or levied prior to the transfer of title to the Coal to Buyer. If either Party is exempt from Taxes, it shall provide to the other Party a certificate of exemption or other reasonably satisfactory evidence of such exemption. Each Party shall use reasonable efforts to obtain and cooperate with the attempts by the other Party to obtain any pass through, exemption from or reduction of any Tax. Buyer shall be solely responsible for all Taxes relating to Coal accrued or levied at or after the transfer of title to the Coal to Buyer. Each Party hereby agrees to indemnify, release, defend and hold harmless the other Party from and against any and all Taxes with respect to the Coal that are the responsibility of the other Party as provided in this paragraph.

5. **New Taxes. For purposes of this Section 5, New Taxes shall mean (i) any Taxes enacted and effective after the** effective date of this Agreement, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the effective date of this Agreement resulting in application of any Tax to a new or different class of persons ("New Tax(es)"). If any New Tax is imposed for which Buyer or Seller is responsible, then such Party affected by the New Tax ("New Tax Affected Party") shall pay such New Tax and shall indemnify, defend, and hold harmless the other Party from any claims related to such New Tax. In this event parties will attempt to agree on a mutual solution directed to mitigating the loss/damages to the other parties imposed by such New Taxes. Failing to agree on a mutual solution, the party not claiming a new tax can terminate the Agreement with thirty (30) days written notice.

6. **Sampling, Specifications and Rejection. Seller shall cause a representative sample of each shipment to** be taken at loading and analyzed by an independent lab. These samples shall be used for shipment acceptance by Buyer.

(a) For cargo payment purposes, Seller shall cause a representative sample of each Shipment of Coal to be taken by a mechanical sampler or by any other method as mutually agreed between the Parties at Puerto Bolivar. All such samples will be divided into four (4) parts and placed in separate airtight containers. Seller shall cause one (1) part of each sample to be analyzed at Seller's expense and in accordance with ASTM standards on an "as received" basis by an independent commercial laboratory chosen by mutual agreement of the Parties (the "Independent Analysis"). The results of such Independent Analysis shall be reported to both Buyer and Seller. The second part of each sample (the "Referee Sample") shall be retained by such laboratory for a period of not less than 60 days after such sample is taken. The third part of the sample is for Seller's disposal and the fourth part of the sample is for Buyer's disposal. If either Party disputes the results of the Independent Analysis, such Party shall have the right, at such Party's expense, to request a mutually agreeable independent laboratory to analyze the Referee Sample. In such case, the results of the Referee Sample shall govern for all purposes hereunder.

(b) Seller shall cause all Coal delivered to Buyer to comply with the Quality Specifications and all Coal deliveries hereunder shall be subject to Buyer's right of inspection and rejection. If any Shipment triggers any of the rejection limits set forth in the Confirmation (a "Non-conforming Shipment"), Buyer, in its sole discretion shall have the right to reject such Non-conforming Shipment. If Buyer chooses not to exercise its rejection rights hereunder, then Buyer shall have the right but not the obligation to attempt to negotiate with Seller a reduced price for such non-conforming Coal. In the event any Non-conforming Shipment hereunder is rejected by Buyer, title to such Coal shall automatically revert back to Seller. Seller shall be responsible for promptly transporting the rejected Coal to an alternate destination determined by Seller and Seller shall reimburse Buyer for all out-of-pocket costs and expenses incurred by Buyer associated with the transportation, storage, handling and removal of the Non-conforming Shipment. Seller shall, if requested by Buyer, replace the rejected Coal within a reasonable period of time, provided that Buyer gives Seller notice of its desire for replacement Coal within forty-eight (48) hours after rejection of the Non-conforming Shipment.

(c) In the event there is a Non-conforming Shipment, then in such case Buyer shall have the right to suspend all further deliveries of Coal hereunder. Buyer shall notify Seller in writing of such suspension and, upon receipt of

Buyer's notice, Seller shall immediately suspend further deliveries and shall make commercially reasonable effort to correct the conditions giving rise to the delivery of non-conforming coal. Such suspension shall continue until Seller provides Buyer with assurances in writing that are satisfactory to Buyer that the conditions causing delivery of non-conforming coal have been corrected and that Seller can and shall deliver Coal meeting the Quality Specifications as required hereunder. If Seller fails to give such assurances within thirty (30) days after the date of Buyer's notice of suspension or if within the ensuing 90 days after such resumption of deliveries, any Shipment triggers any of the Rejection Limits specified in the Confirmation, it shall constitute an Event of Default hereunder with respect to Seller.

(d) Any waiver by Buyer of its suspension rights hereunder for any period shall not constitute a waiver of such right for any subsequent period(s).

7. Billing and Payment.

(a) With respect to deliveries of Coal made under this Agreement, Buyer shall pay Seller by wire transfer or Automated Clearinghouse ("ACH") in accordance with the electronic transfer instructions provided by Seller, in immediately available United States funds, according to the following schedule: (1) For Coal received at the location designated by Buyer for unloading from the first (1st) day of a month in which deliveries are made ("Delivery Month") through the fifteenth (15th) day of such Delivery Month and for which payment has not previously been received, payment will be made on or before the tenth (10th) day of the month immediately following such Delivery Month; and (2) For Coal received during the remainder of such Delivery Month and for which payment has not previously been received, payment will be made on or before the twenty-fifth (25th) day of the month immediately following such Delivery Month. With respect to the payment of Quality Price Adjustments (as specified in the Confirmation), the calculation of such price adjustments shall be completed by the end of the month immediately following the applicable Delivery Month. Payment of Quality Price Adjustments shall be made by the 25th day of the month immediately following the calculation of such Quality Price Adjustments.

(b) With respect to any other amounts owing under this Agreement (i.e. any amounts not owing for Coal delivered), the Party that is owed such amount shall provide the other Party with an invoice, setting forth the amount owed. Such owing Party shall pay the amount of such invoice within ten (10) days of receipt thereof according to the instructions on such invoice. If such amounts are not paid by such deadline, such amounts shall accrue interest at the Interest Rate from the original due date until the date paid.

(c) If a Party in good faith reasonably disputes the amount set forth in an invoice, such Party (the "Disputing Party") shall provide to the other Party a written explanation specifying in detail the basis for the dispute and such Disputing Party, if it has not already done so, shall pay the undisputed portion of such amount no later than the due date therefor. If the Parties are thereafter unable to resolve the dispute within thirty (30) days of the Disputing Party's delivery of notice of the dispute, either through the exchange of additional documentation or good faith business negotiations, then either Party may seek whatever remedies are available to it at law or in equity.

(d) If Buyer and Seller are each required to pay any amounts to each other in the same month, whether pursuant to this Agreement or otherwise, then such amounts shall be aggregated and the Parties shall discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other agreement(s) may be offset against each other, set off or recouped therefrom.

8. Access and Audit. Buyer and/or its designated representatives (including but not limited to its agents, auditors, consultants, and engineers), upon reasonable advance notice to Seller and during Seller's normal working hours, shall be granted by Seller access to and shall be permitted to inspect (i) the mine(s) producing Coal for delivery under this Agreement, (ii) all support facilities (including but not limited to coal washing facilities, preparation plants, and load-out facilities), and (iii) any and all records related to the production, weighing, or delivery of Coal delivered or to be delivered under this Agreement. In the event that Seller denies Buyer and/or Buyer's representatives such access and/or right to inspect, Seller agrees that monetary damages would not be an appropriate or sufficient remedy for such an occurrence and that Buyer shall have the right to pursue specific performance,

injunction or other equitable relief compelling Seller to grant such access to Buyer. Seller hereby explicitly waives any defense related to the pursuit of such relief.

9. Force Majeure.

(a) If either Party is rendered unable by Force Majeure to carry out, in whole or in part, its obligations hereunder, such Party shall provide notice and reasonably full details of the event to the other Party as soon as reasonably practicable after the occurrence of the event (but in no event after 10 days of the initial occurrence thereof). Such notice may be given verbally but shall be confirmed in writing as soon as practicable thereafter. For so long as the event of Force Majeure is continuing, the obligations of the Party affected by the Force Majeure (other than the obligation to make payments hereunder) shall be suspended to the extent made necessary by the Force Majeure. The Party claiming Force Majeure shall exercise commercially reasonable efforts to remedy the Force Majeure as soon as practicable and shall keep the other Party advised as to the continuance of the Force Majeure event. If an event of Force Majeure persists for a continuous period of at least sixty (60) calendar days, then the Party not claiming Force Majeure shall have the option, upon three (3) Business Days' prior written notice, to terminate this Agreement and the obligations of the Parties (except for pre-existing payment obligations) hereunder. Nothing herein shall be construed so as to obligate any Party to settle any strike, work stoppage or other labor dispute or disturbance or to make significant capital expenditures, except in the sole discretion of the Party experiencing such difficulty.

(b) Notwithstanding anything in this Agreement to the contrary, Buyer shall have the right but not the obligation, to require Seller to make up any deliveries of Coal that Seller was unable to deliver due to Force Majeure as such deliveries shall be scheduled by Buyer. The price for the tonnage to be made up will be the price in effect pursuant to the Confirmation at the time of the occurrence of the Force Majeure event. During such periods when a Force Majeure event or occurrence claimed by Seller results in a reduction in the amount of Coal delivered to Buyer hereunder, Seller agrees to forego entering into new agreements to sell coal to any other party of any coal which is mined from the Production Source(s) listed on the Confirmation or sales which generally meet the specifications for Coal to be sold pursuant to this Agreement; and Seller further agrees to prorate deliveries to Seller's existing coal customers based upon contractual commitments. Notwithstanding anything to the contrary in this Agreement, in the event of the occurrence of a Force Majeure event or the existence of general conditions in the market which cause a partial or total curtailment of either (i) electrical generation from electrical generating capacity at the applicable Destination Plant(s) where the Coal was to be used or (ii) transmission or distribution of electricity from such Destination Plant(s), parties are to mutually agree a new delivery schedule or the cancellation of up to the entire quantity of the Coal scheduled for delivery under this Agreement for the period during which such event or occurrence exists or existed; provided, however, that if Buyer refuses to accept deliveries for more than three (3) consecutive months, Seller shall have the right, but not the obligation, to terminate this Agreement.

10. Failure to Deliver or Receive.

(a) Seller Failure. If Seller fails to schedule and/or deliver Coal pursuant hereto and such failure is not excused by Force Majeure or by Buyer's failure to perform, then Seller shall pay Buyer an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Contract Price Buyer would otherwise have paid for such Coal from the Replacement Price.

(b) Buyer Failure. If Buyer fails to schedule and/or receive Coal pursuant hereto and such failure is not excused by Force Majeure or by Seller's failure to perform, or pursuant to any other provision of this Agreement, then Buyer shall pay Seller an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price Seller would otherwise have received for such Coal.

(c) Due Date. The Party to whom such amount is owed shall invoice the other Party for such amounts and any payments hereunder shall be paid in accordance with the provisions of Section 7 above.

(d) Duty to Mitigate. Each Party covenants and agrees that it has a duty to mitigate any damages hereunder; provided, however, that neither Party shall be obligated to enter into any actual replacement purchases or sales, as applicable.

11. **Events of Default.** An "Event of Default" shall mean, with respect to a Party (the "Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice; provided the payment is not the subject of a good faith dispute as described in Section 7(c);

(b) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive Coal, the exclusive remedy for which is provided in Section 10) if such failure is not remedied within three (3) Business Days after written notice;

(d) such Party becomes the subject of a Bankruptcy Proceeding;

(e) the failure of such Party to provide Performance Assurance pursuant to Section 12 hereof;

(f) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(g) an event described in the last sentence of Section 6(c) occurs;

(h) with respect to such Party's Guarantor, if any:
- (i) if any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
- (ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any Guarantee made in connection with this Agreement and such failure shall not be remedied pursuant to the terms of such Guarantee;
- (iii) a Guarantor becomes the subject to a Bankruptcy Proceeding;
- (iv) the failure of a Guarantor's Guarantee to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each transaction to which such Guarantee shall relate without the written consent of the other Party; or
- (v) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guarantee made in connection with this Agreement.

For so long as an Event of Default has occurred and is continuing, the other Party (the "Non-Defaulting Party") shall have the right, in its sole discretion and upon written notice to the Defaulting Party, to (i) designate a day (by providing the Defaulting Party with written notice thereof), which such day shall be within 20 days after the delivery of such notice, upon which the Non-Defaulting Party will accelerate all amounts owing between the Parties and liquidate and terminate this Agreement; (ii) withhold payments due to the Defaulting Party under this Agreement; and/or (iii) suspend performance under this Agreement. If the Non-Defaulting Party chooses to liquidate and terminate this Agreement, the Non-Defaulting Party shall calculate any Gains or Losses to it resulting from the termination of this Agreement, taking into account any Costs reasonably incurred (the "Termination Payment"). The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate and shall be paid within two (2) Business Days after it is communicated in writing to the Defaulting Party by the Non-Defaulting Party.

After calculation of a Termination Payment, if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to (i) set off against such Termination Payment any amounts due and owing by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party, or (ii) to the

extent this Agreement is not yet liquidated in accordance with this Section 11, withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this paragraph shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

12. **Performance Assurance.** At any time during the Term of this Agreement, either Party ("Party X") may require the other Party ("Party Y") to provide financial information reasonably required to ascertain Party Y's ability to meet its financial obligations pursuant to this Agreement, including without limitation the obligation to pay damages in the event Party Y fails to perform its obligations hereunder. If Party X has reasonable grounds to believe that Party Y's creditworthiness has become unsatisfactory, Party X may provide Party Y with written notice requesting Performance Assurance from Party Y in an amount determined by Party X in a commercially reasonable manner. Upon receipt of such notice, Party Y shall have three (3) Business Days to provide such Performance Assurance to Party X. Failure by Party Y to provide such Performance Assurance within such time shall be deemed an Event of Default hereunder.

13. **Change in Law.** The Parties recognize that, during the Term of this Agreement, legislative or regulatory bodies or the courts may construe, change or adopt laws, regulation, policies and/or restrictions (including but not limited to those related to environmental issues) in a way which will make it impossible, impracticable, or economically not feasible in Buyer's judgment for Buyer to utilize this or like kind and quality Coal which thereafter would be delivered hereunder. If, as a result of the adoption of such laws, regulations, policies, or restrictions, or change in the interpretation or enforcement thereof, Buyer decides that it will be impossible, impracticable, or economically not feasible for Buyer to utilize such Coal, Buyer will so notify Seller, and thereupon Buyer and Seller will promptly consider whether corrective actions can be taken in the mining and preparation of the Coal at Seller's mine and/or in the handling and utilization of the Coal by Buyer which will remedy the problem. If in Buyer's sole judgment, such actions will not make it possible, practicable, or economically feasible for Buyer to utilize such Coal without violating any applicable law, regulation, policy or order, Buyer shall have the right, upon the later of ninety (90) days notice or the effective date of such change or restriction, to terminate this Agreement without further obligation hereunder of either Party to the other.

Delete

15. **Indemnification.** Seller, for itself and its successors and permitted assigns, agrees to indemnify, defend and hold Buyer and its respective directors, officers, employees and agents harmless from and against (a) all claims, demands, damages, actions and causes of action and costs and expenses in connection therewith or related thereto (including without limitation, attorneys' fees and court costs) arising from property damage, bodily injury or death of third parties, directly caused by Seller's unlawful or negligent performance or failure to perform under this Agreement; (b) all fines, penalties, costs, losses or expenses incurred by Buyer by reason of Seller's violation of any applicable federal, state and local laws, ordinances or regulations directly related to producing, supplying, transporting, delivering or using Coal under this Agreement; and (c) all liabilities, obligations, damages, penalties, claims, charges, expenses, disbursements, losses and costs (including without limitation, attorneys' fees and court costs) which may be imposed upon, incurred or suffered by or against Buyer by reason or by virtue of the performance by Seller of the transportation and delivery of the Coal pursuant to this Agreement or by virtue of the use or occupancy of the property of Buyer. For the purposes of the immediately preceding sentence, "Seller" shall be construed so as to include any third party contracted by Seller to perform any services pursuant to this Agreement. Buyer shall give Seller prompt written notice of any claim, demand or suit of which Buyer receives notice arising out of or in connection with this Agreement and covered by this indemnity. Buyer shall have the right to reasonably participate in any defense, including the selection of local counsel. This indemnification shall not be limited by any insurance carried by Seller or by any contractor retained by Seller to provide any delivery or other services.

16. **Limitation of Remedies, Liability and Damages.** THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE HEREBY WAIVED UNLESS

OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE LIABLE PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. THIS SECTION 16 SHALL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

17. Representations and Warranties. On the effective date of this Agreement and throughout the entire Term of this Agreement, each Party represents and warrants to the other that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other organizational action on its part and do not violate or conflict with any law applicable to it, its organizational documents or any order or judgment of a court or other agency of government applicable to it or its assets; (c) its obligations under this Agreement are legally valid and binding obligations, enforceable in accordance with their terms; (d) it has all necessary governmental and other third party permits, approvals and licenses required in connection with the execution, delivery and performance of this Agreement; (e) there are no Bankruptcy Proceedings pending or being contemplated by it or, to its knowledge, threatened against it, and there are no other legal proceedings pending before any court or governmental authority that would reasonably be expected to materially adversely affect its ability to perform its obligations under this Agreement; and (f) this Agreement constitutes a "forward contract" and each Party represents to the other that it is a "forward contract merchant" within the meaning and purposes of the United States Bankruptcy Code, as amended.

Further, Seller represents and warrants to Buyer that: (a) the Production Source(s) of the Coal identified in the Confirmation (if any) are owned and/or controlled by Seller as of the effective date of this Agreement and shall continue to be owned and/or controlled by Seller for the full Term of this Agreement; (b) such Production Source(s) contain economically recoverable Coal of a quality and in quantities which will be sufficient to satisfy all the requirements of this Agreement; (c) Seller shall not take any action that would adversely affect its ability to satisfy its obligations under this Agreement or that would adversely affect the Production Source(s) of the Coal identified in the Confirmation (if any); and (d) Seller shall not attempt to deliver Coal under this Agreement from any other production source not identified in the Confirmation, unless approved by Buyer.

18. Assignment. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Neither Party shall assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any such assignee shall agree in writing to be bound by the terms and conditions of this Agreement.

19. Notices. Except where oral notice is explicitly authorized herein, all notices, requests, or invoices shall be in writing and shall be sent to the address of the applicable Party as specified in the Confirmation. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required to be in writing herein shall be delivered by hand or electronic means or transmitted by facsimile or sent by certified U.S. mail, postage prepaid, return receipt requested, or by overnight mail or courier. Notices hand delivered or delivered by electronic means, shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered or transmitted by electronic means after the close of the Business Day, in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after 5:00 p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notices provided by certified U.S. mail, postage prepaid, return receipt requested, or by overnight U.S. mail or courier, shall be deemed delivered one Business Day after it was sent. This Section 19 shall

be applicable whenever words such as "notify," "submit," "give," or similar language are used in the context of giving notice to a Party.

20. Confidentiality. No Party shall disclose the terms of this Agreement to a third party (other than a Party's and its affiliates' employees, lenders, counsel, accountants or prospective permitted purchasers, directly or indirectly, of a Party or all or substantially all of a Party's assets or of any rights under this Agreement, in each case who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure.

21. Governing Law. This Agreement and the rights and duties of the Parties arising hereunder shall be governed by, enforced and construed in accordance with the laws of the State of New York, without regard to the application of such state's laws relating to conflicts of laws (except for General Obligations Laws 5-1401 and 5-1402). The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods 1980 shall not apply to, or govern, this Agreement.

22. Binding Arbitration.

(a) Any dispute between the Parties arising out of or in connection with this Agreement or its performance, breach, or termination (including the existence, validity and interpretation of this Agreement and the applicability of any statute of limitation period) shall be resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), as amended and supplemented from time to time, except to the extent modified by the provisions of this Section 22.

(b) The Party initiating arbitration shall nominate one (1) arbitrator at the same time it initiates arbitration. The other Party shall nominate one (1) arbitrator within ten (10) Days of receiving notice that arbitration has been initiated. The two (2) arbitrators (the "Party-Appointed Arbitrators") shall appoint a third, neutral arbitrator (the "Third Arbitrator"). The Arbitrators shall be competent and experienced in matters involving the coal purchase and sale business in the United States, with at least fifteen (15) years of industry experience as a practicing attorney, and shall be impartial and independent of either Party and not employed by any of the Parties in any prior matter.

(c) If the Party-Appointed Arbitrators are unable to agree on the Third Arbitrator within forty-five (45) days from initiation of arbitration, then the Third Arbitrator shall be selected by the AAA with due regard given to the selection criteria above and input from the Parties and the Party-Appointed Arbitrators. The Parties shall undertake to request the AAA to complete selection of the Third Arbitrator no later than sixty (60) days from initiation of arbitration. Costs charged by the AAA for this service shall be borne by the Parties in accordance with subsection (g) below.

(d) In the event the AAA should fail to select the Third Arbitrator within sixty (60) Days from initiation of arbitration, then any Party may petition a court of competent jurisdiction in the United States to select the Third Arbitrator. Due regard shall be given to the selection criteria above and input from the Parties and the Party-Appointed Arbitrators. If prior to the conclusion of the arbitration a Party-Appointed Arbitrator or the Third Arbitrator becomes incapacitated or otherwise unable to serve, then a replacement arbitrator shall be appointed in the manner described above.

(e) Discovery and other pre-hearing procedures shall be conducted as agreed to by the Parties, or if they cannot agree, as determined by the Third Arbitrator after discussion with the Parties regarding the need for discovery and other pre-hearing procedures. The Arbitrators shall endeavor to conduct the arbitration in a manner so that the hearing on the dispute is completed within one hundred and eighty (180) days after the appointment of the Third Arbitrator, but shall have the authority to extend such period in their discretion. No later than thirty (30) days after all pre-hearing discovery has been completed, a hearing shall be conducted in Raleigh, North Carolina, at which the Parties shall each present such evidence and witnesses as they may choose.

(f) The Arbitrators shall consider the terms and conditions of this Agreement, including all relevant evidence and testimony, and shall render their decision within fifteen (15) days following conclusion of the hearing. The decision rendered by a majority of the Arbitrators, made in writing and consisting of findings and conclusions,

shall be final and binding upon the Parties, and shall be effective as of the date that the arbitration was first initiated. Any such decision may be filed in a court of competent jurisdiction and may be enforced by Buyer or Seller as a final judgment in such court. The Arbitrators shall have no authority to award special, exemplary, or consequential damages.

(g) Each Party shall bear the compensation and expenses of its respective Party-Appointed Arbitrator, own counsel, witnesses, consultants and employees. All other expenses of arbitration (the "Arbitration Expenses") shall be split equally between Buyer on the one hand and Seller on the other. Notwithstanding the foregoing provisions of this Section 22, any costs incurred by Buyer or Seller in seeking judicial enforcement of any written decision of the Arbitrators shall be chargeable to and borne exclusively by the Party against whom such court order is obtained.

23. Compliance with U.S. Laws and Regulations in International Transactions. The Parties acknowledge that Buyer is subject to and governed by the laws and regulations of the United States of America (the "U.S. Laws"), including the Foreign Corrupt Practices Act of 1977, as amended, and laws restricting participation in or compliance with certain foreign boycotts, directly or indirectly, as contained in the U.S. Export Administration Act of 1979, as amended, and the U.S. Internal Revenue Code, as amended. The Parties will cooperate and otherwise conduct their business and activities hereunder in such a manner as to assure that Buyer or any of its affiliates is not placed in a position of noncompliance with the U.S. Laws, including but not limited to any reporting requirements.

24. Entire Agreement; Amendments; Interpretation. This Agreement constitutes the entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any prior or contemporaneous agreements or representations affecting the same subject matter. Except for any matters which, in accordance with the express provisions of this Agreement, may be resolved by verbal agreement between the Parties, no amendment, modification or change to this Agreement shall be enforceable unless reduced to a writing executed by the Party against whom such amendment, modification or change is sought to be enforced and specifically referencing this Agreement. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be used in interpretation of this Agreement.

25. Counterparts; Severability; Survival. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument. Except as may otherwise be stated herein, any provision or Section hereof that is declared or rendered unlawful by any applicable court of law or regulatory agency, or deemed unlawful because of a statutory change, will not otherwise affect the lawful obligations that arise under this Agreement. In the event any provision of this Agreement is declared unlawful, the Parties will promptly renegotiate to restore this Agreement as near as possible to its original intent and effect. All indemnity and audit rights shall survive the termination of this Agreement in full for a period of two years.

26. Non-Waiver; Duty to Mitigate; No Partnership or Third Party Beneficiaries. No waiver by any Party of any of its rights with respect to the other Party or with respect to any matter or default arising in connection with this Agreement shall be construed as a waiver of any subsequent right, matter or default whether of a like kind or different nature. Any waiver shall be in writing signed by the waiving Party. Each Party agrees that it has a duty to mitigate damages. Except as specifically set forth in this Agreement, nothing contained in this Agreement shall be construed or constitute any Party as the employee, agent, partner, joint venturer or contractor of any other Party. This Agreement is made and entered into for the sole protection and legal benefit of the Parties, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

27. Imaged Agreement. Any original executed Agreement or other related document may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence. Neither Party shall object to the admissibility of the Imaged Agreement on the basis that such was not originated or maintained in documentary form under the hearsay rule, the best evidence rule or other rule of evidence.

EXHIBIT 1 – DELIVERY SPECIFICATIONS

Delivery Point

DES International Marine Terminals, Mile Post 57 AHP

Vessel and Discharge Specifications

Discharge Rate : 22,000 tons per WWD SHINC
Turntime 12 hours
Demurrage Rate : To be nominated on a back to back basis with Charter Party

Add'l Purchases
2005 - 2006
Offers and
Evaluations

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Tuesday, September 14, 2004 6:49 PM
To: Crake, Kyle (Energy)
Subject: Spot Barge Purchases 2005-2006

The current coal market, both rail and barge, continues to be very strong because of lack of supply due to the trucking issues in both Kentucky and West Virginia and various environmental issues regarding permitting. There is no indication that any material decline in pricing will occur until late in 2005 or early 2006. In addition to the strong pricing, multiple utilities (TVA, South Carolina Gas & Electric, South Carolina Public Service, and Constellation) are currently in the market for large tonnage. Basically, many potential customers are chasing very few tons. TVA is seeking both rail and barge coal and this email concerns our Delta barge coal requirements for 2005 and 2006.

Based upon the above facts, it is my opinion that issuing an RFP for Delta barge coal, at this time to chase a very limited supply, is unwise. I have been calling various suppliers to determine availability for next year and I have found very few tons available and most of the companies want two year agreements (2005-2006). PFC's 2005 and 2006 open position for Delta barge delivered coal is approximately 600,000 tons and 550,000 tons respectively. These amounts are different than previously discussed because we have shifted the entire Massey Delta contract to rail delivery, because this is the most economical move for this coal, and our estimated beginning 2005 inventory at IMT will be higher due to delayed deliveries resulting from a very active hurricane season. **Previous projections had Massey Delta contract split 50% rail and 50% water** to balance logistics.

Based upon our 2005 and 2006 requirements, I recommend purchasing the following:

Progress Fuels Corporation- Marketing & Trading (M&T)	40,000 tons per month at a delivered price of [redacted] $/mmbtu; The term would be 1/1/2005-12/31/2006
CMC/Coal Marketing Company Ltd. (Colombian)	25,000 tons per month at a delivered price of [redacted] $/mmbtu; The term would be 1/12005-12/31/2006

See the attached evaluations. Three bids were considered and only one other bid was near competitive. The Guasare bid was approximately [redacted]/mmbtu higher, on a delivered basis, than the either the M&T or the Colombian bid.

Please note the CMC offer expires on Friday September 17. No time was given. Therefore, I am assuming the close of business.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Ott, Robin (PFC)

From: Garcia, Francisco [Francisco.garcia@cmc-coal.ie]
Sent: Tuesday, September 28, 2004 10:02 PM
To: Pitcher, Al (PFC)
Subject: RE: Coal Purchase

Al:
Appreciate your confirmation draft with terms and conditions so that we can proceed to invoice the first coal cargo.
Many thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company LTD-
Marketing Manager
Carrera 54 # 72-80, P.20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
e-mail: francisco.garcia@cmc-coal.ie

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: 17 September 2004 12:36
To: Garcia, Francisco
Subject: FW: Coal Purchase

I am resending the previous email with the tonnage and average price changed to reflect the November cargo. The average price increases to [redacted]. Please check my math and see if you agree.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Pitcher, Al (PFC)
Sent: Friday, September 17, 2004 11:53 AM
To: 'Francisco.Garcia@cmc-coal.ie'
Subject: Coal Purchase

I would like to accept your offer as presented with the exception of: (1) Tonnage for 2005 would be 150,000 tons, (2) The offer is accepted pending a successful test of your product, and the price will be an average for the entire period computed as follows:

200,000 * [redacted] = [redacted]

300,000 * [redacted] = [redacted]

500,000 Divided into [redacted]

Average price per ton [redacted]

Please confirm your receipt of this email and acceptance of the revised tonnage. I will prepare a draft of a confirmation with the terms and conditions for your review.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701

Ott, Robin (PFC)

From: Ott, Robin (PFC) on behalf of Pitcher, Al (PFC)
Sent: Wednesday, September 22, 2004 12:34 PM
To: 'Francisco.Garcia@cmc-coal.ie'
Subject: RE: FW: Coal Purchase

Mr. Garcia, Al is traveling and will be out of the office for the remainder of the week, but requested that I advise you that your sending the trial cargo to New Orleans in October as opposed to November would be great!

Thank you.

Robin Ott
Progress Fuels Corporation
One Progress Plaza, BT10C
200 Central Avenue
St. Petersburg, FL 33701
Phone No. 727-824-6670
Fax No. 727-824-6601
E-mail Address: robin.ott@progressfuels.com

-----Original Message-----
From: Francisco.Garcia@cmc-coal.ie [mailto:Francisco.Garcia@cmc-coal.ie]
Sent: Wednesday, September 22, 2004 11:38 AM
To: Pitcher, Al (PFC)
Subject: Re: FW: Coal Purchase

Al:
I have the possibility now of sending the trial cargo to NOLA in October in stead of November. This is what you originally wanted. Would this timing be OK for you? Vessel will load approximately 76 k short tons.
Appreciate your feedback.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/17/2004 12:36

To <Francisco.Garcia@cmc-coal.ie>
cc
Subject FW: Coal Purchase

I am resending the previous email with the tonnage and average price changed to reflect the November cargo. The average price increases to [redacted] Please check my math and see if you agree.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C

St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Pitcher, Al (PFC)
Sent: Friday, September 17, 2004 11:53 AM
To: 'Francisco.Garcia@cmc-coal.ie'
Subject: Coal Purchase

I would like to accept your offer as presented with the exception of: (1) Tonnage for 2005 would be 150,000 tons, (2) The offer is accepted pending a successful test of your product, and the price will be an average for the entire period computed as follows:

200,000 * [redacted] = [redacted]

300,000 * [redacted] = [redacted]

500,000 Divided into [redacted]

Average price per ton [redacted]

Please confirm your receipt of this email and acceptance of the revised tonnage. I will prepare a draft of a confirmation with the terms and conditions for your review.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

9/15/04

In addition to the PFC and Guasare offers, we received a Columbian coal offer from CMC. I have evaluated this offer as follows: (Bal attached)

Average Price 2005/2006
FOB NOLA

Terminal/Cross Gulf	[redacted] (1)
$/ton	[redacted]
$/mmbtu	[redacted]

(1) [redacted] 2005
[redacted] 2006
300K each year

This coal and the #2 PFC-MxT coal are the most competitive

111

CMC

Pitcher, Al (PFC)

From: Francisco.Garcia@cmc-coal.ie
Sent: Friday, September 17, 2004 3:02 PM
To: Pitcher, Al (PFC)
Subject: Re: FW: Coal Purchase

Al:
Fully concur.
Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/17/2004 12:36

To <Francisco.Garcia@cmc-coal.ie>
cc
Subject FW: Coal Purchase

I am resending the previous email with the tonnage and average price changed to reflect the November cargo. The average price increases to [redacted] Please check my math and see if you agree.

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500,000 Divided into [redacted]

Average price per ton [redacted]

Please confirm your receipt of this email and acceptance of the revised tonnage. I will prepare a draft of a confirmation with the terms and conditions for your review.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Pitcher, Al (PFC)

From: Francisco.Garcia@cmc-coal.ie
Sent: Friday, September 17, 2004 2:56 PM
To: Pitcher, Al (PFC)
Subject: Re: Coal Purchase

Al:
Everything is in good order.
Along with our conversation, let's include the test cargo in November and average the price again.
It's a pleasure dealing with you and we really appreciate your business.
Look forward for the draft of the confirmation.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/17/2004 10:52

To <Francisco.Garcia@cmc-coal.ie>
cc
Subject Coal Purchase

I would like to accept your offer as presented with the exception of: (1) Tonnage for 2005 would be 150,000 tons, (2) The offer is accepted pending a successful test of your product, and the price will be an average for the entire period computed as follows:

150,000 * [redacted] = [redacted]

300,000 * [redacted] = [redacted]

450,000 Divided into [redacted]

Average price per ton [redacted]

Please confirm your receipt of this email and acceptance of the revised tonnage. I will prepare a draft of a confirmation with the terms and conditions for your review.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601

E-mail al.pitcher@progressfuels.com

Pitcher, Al (PFC)

From: Francisco.Garcia@cmc-coal.ie
Sent: Friday, September 17, 2004 2:56 PM
To: Pitcher, Al (PFC)
Subject: Re: Coal Purchase

Al:
Everything is in good order.
Along with our conversation, let's include the test cargo in November and average the price again.
It's a pleasure dealing with you and we really appreciate your business.
Look forward for the draft of the confirmation.

Regards,
Francisco J. Garcia
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International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/17/2004 10:52

To <Francisco.Garcia@cmc-coal.ie>
cc
Subject Coal Purchase

I would like to accept your offer as presented with the exception of: (1) Tonnage for 2005 would be 150,000 tons, (2) The offer is accepted pending a successful test of your product, and the price will be an average for the entire period computed as follows:

150,000 * [redacted] = [redacted]

300,000 * [redacted] = [redacted]

450,000 Divided into [redacted]

Average price per ton [redacted]

Please confirm your receipt of this email and acceptance of the revised tonnage. I will prepare a draft of a confirmation with the terms and conditions for your review.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601

E-mail al.pitcher@progressfuels.com

Ott, Robin (PFC)

Forwarded to RTP for Evaluation
RAO
9-14-04

CMC offer

From: Francisco.Garcia@cmc-coal.ie
Sent: Monday, September 13, 2004 6:28 PM
To: Pitcher, Al (PFC)
Subject: CMC offer to Progress Fuels Corp. Sep. 13/04

Al:
Attached please find CMC offer. Be glad to discuss in further detail, at your convenience.
Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

1/c

CMC
Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

September 13, 2004

Mr. Al W. Pitcher
Vice President Coal Procurement
Progress Fuels Corporation
St. Petersburg, Florida 33701
USA

Dear Al:

We appreciate the opportunity to make the following proposal for the supply of Cerrejon coal to Progress Fuels Corporation, for its Crystal River Plant in Florida, under the following terms and conditions:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from January 1, 2005 to December 31, 2006.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Tonnage

CMC would be willing to supply up to 300,000 short tons +/- 10%, per year, of low sulfur thermal coal during calendar years 2005 and 2006, at final dates to be mutually agreed.

Delivery

Coal would be supplied CIF Electrocoal Terminal, New Orleans. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Quality

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Typical Coal Analysis	Typical	ASTM Test Nr.
Calorific value (Btu/lb gar)	11,800	D1989
Total moisture (wt percent)	11.3	D3302
Ash (wt percent)	7.3	D3174
Volatile Matter (wt percent)	33.9	D3175
Sulfur (wt percent)	0.6	D4239C
Hardgrove Index	49	D409
Nominal Top Size (mm)	50	D4749
% below 1/4 inch	45	
SO2/MBTU	1.02	
Carbon (wt percent)	65.5	
Hydrogen (wt percent)	4.6	
Nitrogen (wt percent)	1.2	
Chlorine (wt percent)	0.03	
Oxygen (wt percent)	8.1	

Price

CMC would supply low sulfur thermal coal, as stated above, at the price of:

- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar, for year 2005, and
- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar, for year 2006

Scheduling

Delivery schedule would be mutually agreed.

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

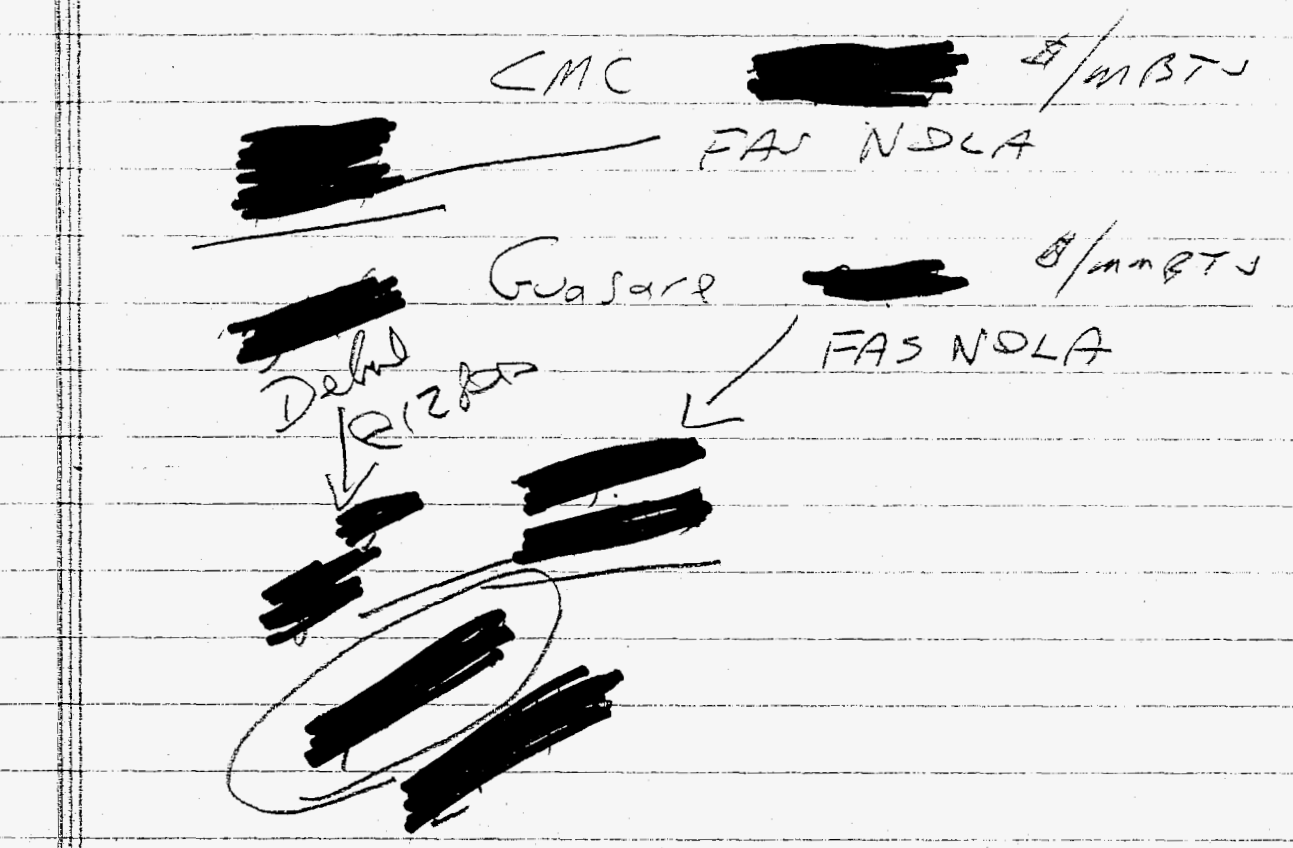
Expiration

In line with the freight validity, this proposal will expire on Friday, September 17, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to further discuss our offer, at your convenience.

Sincerely,

Francisco J. Garcia


CMC
FAS NOLA
Guasare
FAS NOLA

Pitcher, Al (PFC)

From: Francisco.Garcia@cmc-coal.ie
Sent: Thursday, September 09, 2004 4:45 PM
To: Pitcher, Al (PFC)
Subject: Re: Coal Availability

Waiting for a bid from CMC
AP
9/10/04

Al:
Nice to hear from you; hope everything is fine.

For 2005 and 2006 we have the coal you need. These are our specs:

Please let me know how may I assist you.
Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/09/2004 13:58

To "Francisco J. Garcia" <francisco.garcia@cmc-coal.ie>
cc
Subject Coal Availability

I am beginning to look at coal availability for 2005 and potentially 2006. Since CMC was a bidder on our 2004 RFP, I would like to know what coal you would have available for deliver to IMT. We are looking for 11800 BTU/Min, 8.5 Ash/Max, and 1.2# SO2/Max. Please let me know.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Pitcher, Al (PFC)

From: Francisco.Garcia@cmc-coal.ie
Sent: Thursday, September 09, 2004 4:45 PM
To: Pitcher, Al (PFC)
Subject: Re: Coal Availability

Al:
Nice to hear from you; hope everything is fine.

For 2005 and 2006 we have the coal you need. These are our specs:



SO2/MBTU	= (S/BTU) x 2000(	1.02
B/A	= (1)	0.19
F.F.	= (1) x Na20 in ash	0.11
S.F.	= (1) x S (dry)	0.13
Silica V.	= (2)	82
Dolomite	= (3)	0.29
Si/Al	= SiO2 / Al2O3	3.0
Fe/Ca	= Fe2O3/CaO	3.5

Please let me know how may I assist you.
Thanks.

Regards,
Francisco J. Garcia
CMC -Coal Marketing Company Ltd-
Marketing Manager
Carrera 54 # 72-80, P. 20, Barranquilla, Colombia
Phone: 57-5-350-2123 Fax: 57-5-350-2475 Mob: 57-315-724-9572
International Mob: 353-861-708-117
e-mail: francisco.garcia@cmc-coal.ie

"Pitcher, Al (PFC)" <APitcher@progressfuels.com>

09/09/2004 13:58

To "Francisco J. Garcia" <francisco.garcia@cmc-coal.ie>
cc
Subject Coal Availability

I am beginning to look at coal availability for 2005 and potentially 2006. Since CMC was a bidder on our 2004 RFP, I would like to know what coal you would have available for deliver to IMT. We are looking for 11800 BTU/Min, 8.5 Ash/Max, and 1.2# SO2/Max. Please let me know.

A. W. Pitcher
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Progress Fuels Corporation

One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

Add'l 1.2 # SO_2 Purchases

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Wednesday, September 15, 2004 12:37 PM
To: Byone, Steve (Energy); Fox II, David M (Energy)
Cc: Crake, Kyle (Energy)
Subject: FW: Spot Barge Purchases 2005-2006
Importance: High

Below is an email sent to Kyle last evening. He and I have discussed and are ready to act pending discussion with you. Kyle is out of the office today and requested that I contact you. Please review and call is necessary. Kyle will contact Tom regarding this matter. Time is of the essence because there is an expiration of these offers.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Pitcher, Al (PFC)
Sent: Tuesday, September 14, 2004 6:49 PM
To: Crake, Kyle (Energy)
Subject: Spot Barge Purchases 2005-2006

The current coal market, both rail and barge, continues to be very strong because of lack of supply due to the trucking issues in both Kentucky and West Virginia and various environmental issues regarding permitting. There is no indication that any material decline in pricing will occur until late in 2005 or early 2006. In addition to the strong pricing, multiple utilities (TVA, South Carolina Gas & Electric, South Carolina Public Service, and Constellation) are currently in the market for large tonnage. Basically, many potential customers are chasing very few tons. TVA is seeking both rail and barge coal and this email concerns our Delta barge coal requirements for 2005 and 2006.

Based upon the above facts, it is my opinion that issuing an RFP for Delta barge coal, at this time to chase a very limited supply, is unwise. I have been calling various suppliers to determine availability for next year and I have found very few tons available and most of the companies want two year agreements (2005-2006). PFC's 2005 and 2006 open position for Delta barge delivered coal is approximately 600,000 tons and 550,000 tons respectively. These amounts are different than previously discussed because we have shifted the entire Massey Delta contract to rail delivery, because this is the most economical move for this coal, and our estimated beginning 2005 inventory at IMT will be higher due to delayed deliveries resulting from a very active hurricane season. Previous projections had Massey Delta contract split 50% rail and 50% water to balance logistics.

Based upon our 2005 and 2006 requirements, I recommend purchasing the following:

Progress Fuels Corporation-Marketing & Trading (M&T)	Up to 40,000 tons per month at a delivered price of [redacted]$/mmbtu; The term would be 1/1/2005-12/31/2006
CMC/Coal Marketing Company Ltd. (Colombian)	Up to 25,000 tons per month at a delivered price of [redacted]$/mmbtu; The term would be 1/12005-12/31/2006

See the attached evaluations. Three bids were considered and only one other bid was near competitive. The Guasare bid was approximately [redacted]/mmbtu higher, on a delivered basis, than the either the M&T or the Colombian bid.

Please note the CMC offer expires on Friday September 17. No time was given. Therefore, I am assuming the close of business.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

PFC
11 & 1

Coal Offer
2005/2006
See attached for details & evaluation

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Friday, August 27, 2004 4:20 PM
To: Jefferson, Joe (Sales)
Subject: 2005-2006 Coal Offer

have reviewed your 15,000 tons/month 1.2# SO2 coal offer for 2005-2006. Because of the ash content, the pricing is not competitive. We would have to blend the product in NOLA costing us an additional [redacted] If you believe your pricing can be adjusted for this, I would be happy to discuss further with you the possibility of a contract.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

[redacted] Original Offer
Less Blending

AP 9/8/04

Spoke with Joe regarding the [redacted] price. They can not sell at that. They can do the following:

Note: The average of the United and Howard is: (See 3/4 attached)

#2
12500 BTU
11.07 Ash
1.2 # SO_2
~~20K~~/mo
[redacted] FOB Barge
2005/2006

Increased to:
40K/mo

#1
12000 BTU
13.59 Ash
1.2 # SO_2
20K/mo
[redacted] FOB Barge
2005/2006

Using the same cost components as in 1/4 except MEMCO. See (1) below

	IMT (1)	MEMCO	Gross Gulf
$/Tn	[redacted]	[redacted]	[redacted]
$/MM BTU	[redacted]	[redacted]	[redacted]

(1) Per revised evaluation of the river barge RFP

Pitcher, Al (PFC)

From: Pitcher, Al (PFC)
Sent: Friday, August 27, 2004 4:04 PM
To: 'E.Bueno@GCI-UK.NET'
Subject: Coal Offer

Thank you for your offer of five (5) additional cargoes for 2005. However, we will be unable to purchase any of these cargoes. Very frankly speaking, I can purchase both domestic and other South American coals at substantially below your offer. Guasare must be looking at different pricing projections than we have available because PFC has current offers from both the U.S. and South America at [redacted] to [redacted] below Guasare's pricing. We will continue to evaluate yours offers as they become available.

I look forward to meeting with you on September 14.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

PFC
Coal Evaluations - Barge
2005 - 2006
1.2# Product

RP
8/24/04

PFC received one offer for 2005-2006 and one offer for 2005. Each of these offers were from producers with one domestic (PFC-Mt.) and one foreign. (Glencore)

Guarantee estimated $/mmBTU to be as follows:
12300 BTU/6.5% Ash/1.2 #SO_2

Coal DES NOLA	[redacted]
IMT Rate per Bid	[redacted]
Estimated Gulf Freight	[redacted]
	[redacted] $/mmBTU

PFC's estimated $/mmBTU to be as follows:
12000 BTU/13.5% Ash/1.2 #SO_2

* Discussed [redacted] Dan Hoffman Spreads * [redacted] w/ an estimate

Per MEMCO Bid Evaluation for 12

Two Yr Avg 2005/2006 → 2005 (Only)

	Two Yr Avg 2005/2006	2005 (Only)
Coal FOB Barge	[redacted]	[redacted] *
IMT Rate (60/40% Direct/Indirect)	[redacted]	[redacted]
→ River Barge Rate	[redacted]	[redacted]
Gross Gulf Rate (Estimated)	[redacted]	[redacted]
$/Ton Delvd	[redacted]	[redacted]
$/mmBTU Delvd	[redacted]	[redacted]

Compare this to United Harwood

PFC

Coal Evaluations

2005 - 2006

8/24/04

The import coal compared to domestic coal is not comparable. However, the evaluation only only involves two data points from actual bids. Therefore, add'l information was obtained from "price sheets." i.e. United Evolution, etc

1 Domestic Coal Prices

United (Used to develop an estimated domestic price)

6/25/04 (See Attached)

	CY 2005	CY 2006
CAPP B.S. 12000/1.2# SO_2	$ [redacted]	$ [redacted]
Adjust for B.S vs Kanawha Barge Diff.	[redacted]	[redacted]
Ash Adj (B.S 12% Kan 10) @ [redacted]/1% (13.0 - 13.5%)	[redacted]	[redacted]
	$ [redacted]	$ [redacted]
	1 $ [redacted] (Red)	

Two Yr. Average FOB Kanawha

Average of (1) & (2) [redacted]

Honeywell (Two Yr Forecast) - Domestic

8/23/04 (See attached)

	CY 2005	CY 2006
CAPP BS 12000/1.0# SO_2	$ [redacted]	$ [redacted]
Ash Adj to Kanawha Type Coal BS 12% Kan 13%	[redacted]	[redacted]
Barge Diff	[redacted]	[redacted]
	[redacted]	[redacted]

Two Yr Average FOB Kan $ [redacted] (2)

2/4

PFC
Coal Evaluation
2005-2006

8/27/04

Since only one import offer was received and meetings with Drummond produced no offers, Evolution Carbon estimated price sheets were used to develop a price comparison.

Evolution
8/26/04 11300 BTU
1.2# SO_2

Coal	[redacted]
Freight	[redacted]
Delvd $/tn	[redacted]
$/mmBTU	[redacted]

Guasare is "overpriced" in relation to the current domestic and import market.

Per above a price for Guasare would be

[redacted] @ 12800 =	[redacted]
Current Guasare	[redacted]
Out of market	<[redacted]>

PFC
Coal Evaluation
2005-2006

8/27/04

Per domestic evaluation for 2005 only
Guidance price should be approximately as follows:

Average of United & Hanwood [redacted] $/mmBTU (= 12800 [redacted] Delivered

PFC [redacted] $/mmBTU @ 12800 [redacted] ✓

Ave [redacted]

Guidance [redacted]

Over domestic market [redacted]

4/4

PROGRESS FUELS CORPORATION
COAL EVALUATIONS-DOMESTIC
2005-2006

Domestic Coal	Term/Price		Transl.	River Brg	Cross Gulf	Delivered Cost		Delivered Cost	
Supplier	2005 Only	2005/2006	Rate	Rate	Rate	Per Ton	$/MMBTU	Per Ton	$/MMBTU
						2005 Only		2005/2006	
Progress Fuels - M&T	$ [redacted]								
United Power, Inc. (1)	$ [redacted]								
Henwood Energy Services Inc. (1)	$ [redacted]								
Average of United and Henwood	$ [redacted]								

(1) United is an over the counter broker and Henwood is a forecasting service. Their specifications are 12000 BTU/12% Ash/1.2# SO2. Their prices were adjusted for Ash and a barge differential Big Sandy vs Kanawha.
Big Sandy Coal is 12% Kanawha is 13.0-13.5%

Pitcher, Al (PFC)

From: Eladio Bueno [E.Bueno@GCI-UK.NET]
Sent: Thursday, August 26, 2004 11:21 AM
To: Pitcher, Al (PFC)
Cc: Catarina Carrasquinho
Subject: PFC 2005 Offer

See Coal Publication article attached

Dear Al,

As per our telecom, we are pleased to make the following coal offer:

1. Volume: 5 Firm cargoes of 42,000 metric tonnes +/- 10% at Seller's option.
2. Loading: to take place fairly evenly spread throughout 2005, with laydays for each shipment to be mutually agreed latest 31 days prior to intended 1st day of laycan.

3.1. Price: US [redacted] per million BTU Gross as Received, DES at IMT Terminal, New Orleans; or
3.2. US $[redacted] per million BTU Gross as Received, DES open waters of the Gulf of Mexico, off the Coast of Florida, due West of the Crystal River; or
3.3. US $[redacted] per million BTU Gross as Received, DES at Tampa Terminal, New Orleans;

4. Quality: Paso Diablo as per existing contract.

5. Type of Vessel: craned/grabbed self-unloader.

6.1. Discharge conditions at IMT: vessel to self-discharge into Buyers' river barges by vessel's cranes/grabs operated by own crew or by competent crane drivers for Seller/Owners' account provided that allowed by local/national authorities/regulations, otherwise crane drivers shall be arranged for by Buyer free of risk and expenses to Seller/Owners; Vessel to self-discharge at the minimum average rate of 10,000mt per wwd of 24 consecutive hours SHINC, failing which Seller/Owners shall be responsible for barge detention at US$ 7,000 PDPR; Buyer guarantees to Take Away the coal from underneath the vessel's cranes/grabs at the minimum average rate of 10,000mt per wwd of 24 consecutive hours SHINC, failing which Buyer shall be responsible for vessel's demurrage at a rate as per Charter Party (free despatch);

6.2. Discharge conditions in the open waters of the Gulf of Mexico, due West of the Crystal River: vessel to self-discharge into Buyers' Dixie vessels (with approximately 550 feet LOA by 82 feet beam with 4 holds, 8 hatches and which carry about 16,500 s/tons per voyage), otherwise same as set forth in 6.1. above;

6.3. Discharge conditions at Tampa: conventional discharge by Buyer's floating crane free of expenses to Seller/Owners, at the minimum average rate of 8,000 short tons per wwd of 24 consecutive hours SHINC, failing which Buyer shall be responsible for vessel's demurrage at a rate as per Charter Party;

7. Vessel nominations shall be accepted or rejected by Buyer within 24h; Bimco ISPS clause to apply; Otherwise, the terms and conditions of the Americanised Welsh Coal Charter Party (C/P) between GCI and Ship Owners shall apply in full.

8. Other terms and as per existing Paso Diablo contract dated 7th August 2003.

9. This offer is valid for acceptance up to COB LT 2nd September 2004.

Please confirm that you have received this offer.

Best regards,

Eladio Bueno
CEO
8/26/2004

Guasare Coal International n.v.

Importers must back off prices in order to compete for U.S. steam business

Noting that the international market is "softening some," partly because of a mild summer in Europe, a source said he expects exporters to come off somewhat the prices they have been asking recently for coal to be delivered into the U.S.

Coal & Energy Price Report recently detailed the fact that one major South American exporter recently has indicated that it won't move any fourth quarter spot coal into the U.S, at pricing with less than a seven in front.

"I call bull (um, bleep) on that," one source said.

CIF ARA pricing translates back to the mid-$50s FOB, the source said, "and they're wanting FOB prices at $70?" Such a price "doesn't compete in Europe or the U.S. Why would you do it?"

South American suppliers still have tremendous incentive to court new U.S. business, the source said, because the U.S. represents the region's greatest growth market. "If you're going to put on 5 million tons, let's say, it's going to have to come to the United States."

As a result, he said, the handwriting is on the wall. Well, our sources don't use such clichés. It's just that I'm not an inventive writer. Anyhow, you take the meaning.

"If they want to sell coal in the United States, they're going to have to come down (in price)," he said. "Inventories (at U.S. power plants) have started to increase because of the mild weather. There is no need to pay huge premiums to international suppliers for security."

After tragic accident, large Virginia mine down for uncertain length of time

It is unclear, at this point, how long Matt Mining contractor A&G Mining's production from its #13 mine will be down as a result of a cessation order issued after a tragic accident that claimed the life of a young boy.

The Virginia Department of Mines, Minerals & Energy ordered a halt in mining at the operation, which produced 1.3 million tons of coal last year. Smoky Mountain Coal markets production from the mine.

NYMEX continues to stand utterly still as nothing flies but dust August 25

Again, there were no changes August 25 in pricing on the Central Appalachian Coal contract at the New York Mercantile Exchange.

Activity for September, October and November:

Month	Settle	Change
September	$61.38	---------
October	$63.00	---------
November	$63.00	---------

The latest settlement prices...

Contract Month	Settlement
September 2004	$61.38
Fourth Quarter 04	$63.00
First Quarter 05	$62.00
Second Quarter 05	$58.14

Market Commentary

(continued from page 1)

A number of domestic buyers have completed multi-year coking coal deals, hoping to lock in supply in a short market rife with uncertainty.

"The sellers are asking for longer terms, but the foreign buyers are not willing to commit to that as much as the U.S. guys did. The North American guys rolled over for three years. The foreigners are saying, 'We'll pay the price, but only for one year.' My guess is there will be one-year fixed deals. I doubt if you will see any three-year deals."

As most domestic deals for next year's supply wind down, U.S. sellers are turning their attention to foreign consumers. Some deals reportedly have already been done.

"Deals are starting to be hashed out," a source said. "I am getting a feeling that they want to buy at about $75.00/tonne at the mine. The quality that would be offered would be higher ash."

As expected, the coking coal deals done with U.S. buyers have come at high prices. The high-vol prices are about the same as the low-vol prices in North American settlements.

"The market is still strong. There is no indication that will change soon," a source said. "They are looking at a price of about $90.00/ton delivered on average. That's a pretty substantial increase over last year's number. It's incredible how something can go from one extreme to another so quickly."

No Duplication of This Report in Whole or in Part is Permitted Without Express Written Consent

Ott, Robin (PFC)

From: Pitcher, Al (PFC)
Sent: Thursday, August 26, 2004 11:48 AM
To: Ott, Robin (PFC)
Cc: Potter, Roy (PFC)
Subject: FW: PFC 2005 Offer

Please record and evaluate.

A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
One Progess Plaza, BT10C
St. Petersburg, FL 33701
Phone No. 727-824-6692
Fax No. 727-824-6601
E-mail al.pitcher@progressfuels.com

-----Original Message-----
From: Eladio Bueno [mailto:E.Bueno@GCI-UK.NET]
Sent: Thursday, August 26, 2004 11:21 AM
To: Pitcher, Al (PFC)
Cc: Catarina Carrasquinho
Subject: PFC 2005 Offer

Dear Al,

As per our telecom, we are pleased to make the following coal offer:

1. Volume: 5 Firm cargoes of 42,000 metric tonnes +/- 10% at Seller's option.
2. Loading: to take place fairly evenly spread throughout 2005, with laydays for each shipment to be mutually agreed latest 31 days prior to intended 1st day of laycan.

3.1. Price: US $[redacted] per million BTU Gross as Received, DES at IMT Terminal, New Orleans; or
3.2. US $[redacted] per million BTU Gross as Received, DES open waters of the Gulf of Mexico, off the Coast of Florida, due West of the Crystal River; or
3.3. US $[redacted] per million BTU Gross as Received, DES at Tampa Terminal, New Orleans;

4. Quality: Paso Diablo as per existing contract.

5. Type of Vessel: craned/grabbed self-unloader.

6.1. Discharge conditions at IMT: vessel to self-discharge into Buyers' river barges by vessel's cranes/grabs operated by own crew or by competent crane drivers for Seller/Owners' account provided that allowed by local/national authorities/regulations, otherwise crane drivers shall be arranged for by Buyer free of risk and expenses to Seller/Owners; Vessel to self-discharge at the minimum average rate of 10,000mt per wwd of 24 consecutive hours SHINC, failing which Seller/Owners shall be responsible for barge detention at US$ 7,000 PDPR; Buyer guarantees to Take Away the coal from underneath the vessel's cranes/grabs at the minimum average rate of 10,000mt per wwd of 24 consecutive hours SHINC, failing which Buyer shall be responsible for vessel's demurrage at a rate as per Charter Party (free despatch);

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8. Other terms and as per existing Paso Diablo contract dated 7th August 2003.
9. This offer is valid for acceptance up to COB LT 2nd September 2004.

Please confirm that you have received this offer

Best regards,

Eladio Bueno
CEO
Guasare Coal International n.v

PFC M&T
CR 4-5

Indication of Product Availability

Mr. Pitcher,

Per our conversations of last week, Progress Fuels Corporation – Marketing & Trading (PFC M&T) is pleased to submit the following indication of product availability for the consideration of Progress Fuels Corporation – Regulated (PFC–R). I would appreciate the ability to follow-up with you after you have had the chance to evaluate the numbers.

First Indication

Term:	1/1/05 - 12/31/06	
Quantity:	15,000 tons/month **(subject to prior sale or commitment)***	
Quality:	Based on As Received – Monthly Weighted Averages	
	BTU –	12,000 Min.
	ASH -	13.50% Max.
	SO2 #/MMBTU -	2.00# Max. – 1.8# Typical
Price:	[redacted]/NT for Coal FOB Barge	
Location:	Originating on the Big Sandy River	

Second Indication

Term:	1/1/05 - 12/31/06	
Quantity:	15,000 tons/month **(subject to prior sale or commitment)**	
Quality:	Based on As Received – Monthly Weighted Averages	
	BTU -	12,000 Minimum
	ASH -	13.50% Maximum
	SO2 #/MM BTU-	1.20# Maximum
Price:	[redacted]/NT for Coal FOB Barge	
Location:	Originating in the Marmet Pool of the Kanawha River	

These indications are based upon PFC M&T, via its operation of various Synfuel entities for other parties, being able to ship a volume as a synfuel product. Our intention would be to ship as much synfuel as possible, however, in the dynamic environment of Section 29, we must reserve the right to ship coal. We also understand current restrictions on your receipt of synfuel of a 1.2# SO2 require the product to be no greater than a 0.68% sulfur on a weighted average.

Alternate Source: PFC may elect at its sole option to ship either or both products from its facilities located at the Ceredo Dock, the Kanawha River Docks, or from the Big Sandy River Docks. Tons shipped from these facilities will be priced at an agreed to transportation differential, as part of the basic economic considerations of this package. The alternate sources will meet the parameters of the agreement between the parties.

As a general caveat, these indications are submitted subject to the party's negotiation of mutually acceptable terms and conditions, including but not limited to the inclusion of quality adjustment provisions and subsequent finalization of agreements.

I hope PFC-R finds these indications of interest. With the dynamics of today's marketplace we cannot hold these indications open more than a short period of time. We are also moving forward with other's interested in these types of product.

I appreciate your attention to this matter and if you have any questions please do not hesitate to contact me.

Joe Jefferson
Director – Coal Sales

PFC M&T
CR 182

Indication of Product Availability

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	BTU – 12,000 Min.
	ASH - 13.50% Max.
	SO2 #/MMBTU - **2.00# Max. – 1.8# Typical**
Price:	[redacted]NT for Coal FOB Barge
Location:	Originating on the Big Sandy River

Second Indication

Term:	1/1/05 - 12/31/06
Quantity:	15,000 tons/month **(subject to prior sale or commitment)**
Quality:	Based on As Received – Monthly Weighted Averages
	BTU - 12,000 Minimum
	ASH - 13.50% Maximum
	SO2 #/MM BTU- 1.20# Maximum
Price:	[redacted]NT for Coal FOB Barge
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Joe Jefferson
Director – Coal Sales

PROGRESS FUELS CORPORATION

Monthly Spot Offer Analysis

CR45

Quarter 3 - 2004

404

Per Month Tons	Price	Transp. Mode	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
20,000	[redacted]	Cook	[redacted]		9.80%	0.52%	11,400	9.40%	31.00%	60	0.90	B	[redacted]	[redacted]	[redacted]	[redacted]	No Buy	
10,000		CSX			12.00%	0.75%	12,500	9.00%	30.00%	40	1.20	V					Rejected	Avg price
70,000		Gulf			11.00%	0.40%	11,500	9.50%	33.50%	62	0.70	B					No Buy	
45,000		Gulf			5.50%	0.78%	13,000	6.00%	34.00%	45	1.20						Accepted	
40000		CSX			12.00%	0.75%	12,500	10.00%	30.00%	44	1.20	V					Accepted	Avg freight
20,000		Gulf			13.50%	0.72%	12,000	9.00%	31.00%	45	1.20	A					Rejected	ASH
20,000		Gulf			11.00%	0.75%	12,500	9.00%	31.00%	45	1.20						Pending	Revised
46k each		IMT			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						Rejected	Price
46k each		CR			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						No Action	Belted direct to Dixie
46k each		Tampa			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						Rejected	Gearless Vsl/Trucks
20,000		CSX			12.00%	0.75%	12,500	8.00%	30.00%	45	1.20	V					Rejected	Price
38500 each		IMT			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						Rejected	Geared Vessel at IMT;prokected rates
38500 each		CR			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						No Action	Belted direct to Dixie
38500 each		Tampa			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20						Rejected	Gearless Vessel Kinder Morgan -Trucks
25,000		NOLA			7.30%	0.60%	11,800	11.30%	33.90%	49	1.02	M					Pending	Average price used (66.95 - 60.90)
10-20 k		CSX			10.00%	0.78%	13,000	8.00%	33.00%	42	1.20						Rejected	Price
10,000		CSX			9.00%	0.76%	12,700	8.00%	33.00%	42	1.20						Rejected	

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moist	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price	$485

9/15/2004 13:23

[redacted] Gulf

[redacted]

Domestic

[redacted]

Foreign

[redacted]

PROGRESS FUELS CORPORATION

Monthly Spot Offer Analysis

CR45

Quarter 3 - 2004

Per Month Tons	Price	Transp. Mode	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moist	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
20,000	[redacted]	Cook	[redacted]	[redacted]	9.80%	0.52%	11,400	9.40%	31.00%	50	0.90	$0.17	B	[redacted]	[redacted]	[redacted]	[redacted]		
10,000		CSX			12.00%	0.75%	12,500	9.00%	30.00%	40	1.20	$1.35	V						Avg price
70,000		Gulf			11.00%	0.40%	11,500	9.50%	33.50%	62	0.70	$0.10	B					Leave Blank	
45,000		Gulf			5.50%	0.78%	13,000	6.00%	34.00%	45	1.20	-$2.32							
30k/10k		CSX			12.00%	0.75%	12,500	10.00%	30.00%	44	1.20	$1.45	V						Avg freight
15,000		Gulf			13.50%	0.72%	12,000	9.00%	31.00%	45	1.20	$1.21	A						Rates Recomputed with new info
46k each		IMT			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.22						est rates	Geared Vessel at IMT
46k each		CR			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.22						Wait for Dixie Rate	Belted direct to Dixie
46k each		Tampa			8.00%	0.77%	12,800	8.00%	31.00%	45	1.20	-$1.22							Gearless Vessel Kinder Morgan -Trucks

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moist	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	40	

SO2 Price	$550

8/27/2004 9:42

MONTHLY SPOT OFFERS
3rd Quarter 2004
Crystal River Units 4 & 5

Bid Submitted	Supplier	Term	Tons	Price	Transp. Mode	Specs			Action Taken
						Ash	Sulfur	Btu	
				[redacted]					
08/05	United Power, Inc.	November—December 2004	10,000	[redacted]	Rail	12%	1.2LB	12,500	Pending
08/05	United Power, Inc.	January—March 2005	30,000	[redacted]	Rail	12%	1.2LB	12,500	Pending
08/11	Evolution Carbon International	September	60,000-65,000 MT +/- 10%	[redacted]	CIF New Orleans	11%	.4%	11,500	Pending
08/17	Progress Fuels Corporation—M&T	August—September 2005 2004	40,000	[redacted]	Rail	12%	1.2LB	12,500	Possibly an additional 30,000 available for October—December 2004 Accepted 40,000 Tons Only
08/17	Progress Fuels Corporation—M&T	January 2005—December 2006	15,000/Mo. (360,000)	[redacted]	River Barge	13.5%	1.2LB	12,000	Synfuel w/option to ship coal if required Pending
08/26	Guasare Coal International N.V.	January—December 2005	210,000 (5 Cargoes) +/- 10% at Seller's Option	(1) [redacted] (2) — (3) [redacted]	DES IMT DES CR Offshore DES Tampa	6.5%	1.2LB	12,800	Offer valid until COB 09/02/04

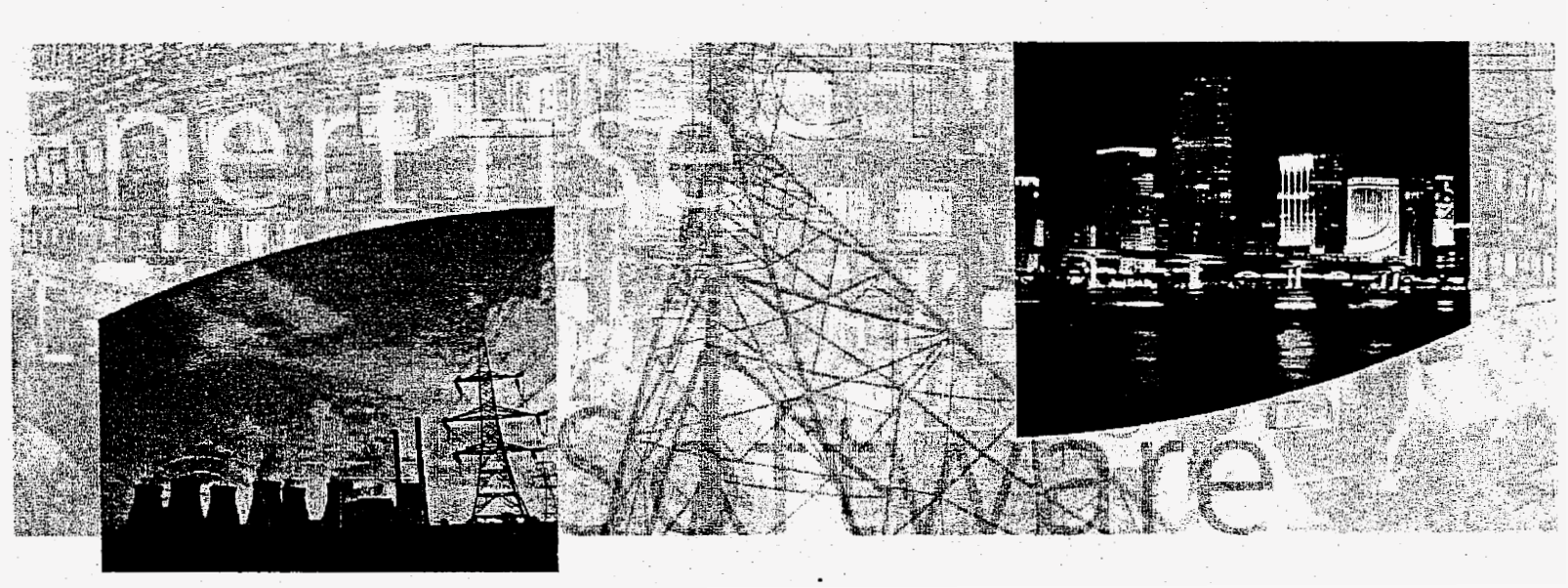
Revised 8/26/2004

Henwood

Mid-Term Coal Price Forecast

(8/23/04 Update)

For the period 2005 through 2009



Central Appalachia

Monongahela River

Ohio River

Illinois Basin

Powder River Basin

Central Rockies

INTRODUCTION

Henwood Energy Services, Inc. (Henwood) desires to assist its clients in understanding spot coal pricing for U.S. coals. Henwood now provides a short-term monthly price forecast available to you on the Internet and updates it daily. Henwood will be providing a 20-year forecast by year-end 2004. In the interim, Henwood hereby provides you with a mid-term spot coal price forecast for the period 2005 through 2009 for important selected coal types.

This mid-term forecast will be updated approximately on the last Monday of each month and delivered to you via our Internet web site.

Specifically, Henwood has developed a spot coal price forecast for 16 coal types representative of key national coals. These 16 coal types are listed below.

TABLE 1
KEY FORECASTED U.S. COAL TYPES

REGION	COAL TYPE	CATEGORY	BTU / LB	$LBSO_2$ / MMBTU
Central Appalachia	Low Sulfur	NYMEX, Barge	12,000	1.6
Central Appalachia	Low Sulfur	CSX Big Sandy Rail	12,500	1.6
Central Appalachia	Low Sulfur	NS Kenova/Thacker Rail	12,500	1.6
Central Appalachia	Compliance	CSX Big Sandy Rail	12,500	1.2
Central Appalachia	Compliance	NS Kenova/Thacker Rail	12,500	1.2
Central Appalachia	Mid Sulfur	CSX Big Sandy Rail	12,500	2.2
Central Appalachia	Mid Sulfur	NS Interstate Rail	13,000	2.2
Monongahela River	Low Sulfur	MGA Rail	13,000	3.0
Monongahela River	Mid Sulfur	MGA Rail	13,000	4.0
Monongahela River	High Sulfur	Barge	13,000	4.5
Ohio River	High Sulfur	Barge	12,200	6.0
Illinois Basin	Low Sulfur	Illinois, CN Rail	12,000	2.0
Illinois Basin	High Sulfur	W. Kentucky, CSX Rail	11,900	5.0
Powder River Basin	High Btu	Rail	8,800	.80
Powder River Basin	Low Btu	Rail	8,400	.80
Colorado	High Btu	Rail	12,000	1.0
Colorado	Low Btu	Rail	11,300	1.0
Utah	Compliance	Rail	11,500	.90

It is often helpful to identify a coal that is typical of the price category being forecast. In some cases, a coal category needs no further definition (NYMEX coal, for example). But in other cases an example mine, from a particular railroad rate district, for example, can help define a particular coal category. The coal sources shown below in Table 2 are typical of the forecast categories in this work.

TABLE 2
EXAMPLE MINES FOR EACH FORECASTED COAL TYPE

REGION	COAL TYPE	CATEGORY	Typical Mine
Central Appalachia	Low Sulfur	NYMEX, Barge	Typical
Central Appalachia	Low Sulfur	CSX Big Sandy Rail	Sapphire, Letcher Cnty, KY
Central Appalachia	Low Sulfur	NS Kenova/Thacker Rail	Sprouse Crk, Mingo Cnty, WV
Central Appalachia	Compliance	CSX Big Sandy Rail	Scotts Branch, Pike Cnty, KY
Central Appalachia	Compliance	NS Kenova/Thacker Rail	Pontiki, Martin Cnty, KY
Central Appalachia	Mid Sulfur	CSX Big Sandy Rail	Mill Creek, Letcher Cnty, KY
Central Appalachia	Mid Sulfur	NS Interstate Rail	Red River, Wise Cnty, VA
Monongahela River	Low Sulfur	MGA Rail	Bailey
Monongahela River	Mid Sulfur	MGA Rail	Emerald
Monongahela River	High Sulfur	Barge	Cumberland
Ohio River	High Sulfur	Barge	Shoemaker
Illinois Basin	Low Sulfur	Illinois, CN Rail	Galatia
Illinois Basin	High Sulfur	W. Kentucky, CSX Rail	Dotiki, Pattiki
Powder River Basin	High Btu	Rail	Black Thunder, Antelope, etc.
Powder River Basin	Low Btu	Rail	Eagle Butte, Buckskin, etc.
Colorado	High Btu	Rail	West Elk, etc.
Colorado	Low Btu	Rail	Colowyo, etc.
Utah	Compliance	Rail	Skyline, Sufco, Deer Creek, etc. avg.

The spot coal price forecast that follows is not meant to imply that a particular mine will price its coal product as shown, but rather meant to demonstrate that the average price for the spot coal price category will likely be as shown. Although single price points are shown in this report, Henwood prefers to stochastically attach ranges to its price forecasts, thereby demonstrating the levels of confidence it feels that the data and modeling warrant. These price ranges are included in this report.

All spot coal price forecasts contained herein were developed using econometric principles and modified, if deemed necessary, by evaluation of market-specific demand and supply factors. In this way, factors that effect immediate spot coal prices are respected, but balanced by the longer-term cost, reserve, and availability issues that create more global coal pricing patterns.

It should be noted that this forecast reflects spot coal pricing. Contract coal prices will diverge from spot prices in amounts that reflect the needs and demands of the individual contracting parties. In today's coal markets, it is believed that contract prices seldom diverge too significantly from spot prices. Still, the longer that coal spot prices remain elevated, the greater is the need to ultimately contract coal for longer term. As contract coal "rolls over", more coal becomes available and spot coal prices soften somewhat

when coal producers trade coal price for the surety of contract term. These trade-offs ultimately create the divergence in contract pricing from spot pricing. When contract prices exceed spot prices, there is downward pressure on both re-opened and new contracts. When spot prices exceed existing contract prices, then the prices in new and re-opened contracts typically rise to levels between the current spot price and the old contract price. This is the situation of today. The ultimate effect of current spot coal pricing on contract coal pricing depends largely on the expected duration of any given spot coal price trend.

SUMMARY OF CURRENT FINDINGS

Expect Coal Prices To Soften Next Year, Then Slide Further In Out Years As LNG Imports Increase. Demand is weaker than would otherwise be expected as weather remains cooler than normal for much of the country. Coal prices have not responded yet to weaker demand, and our bias for falling prices therefore remains strong. Key factors in our new analysis are:

- 2004 summer weather has been mild;
- ***Gas storage levels are at above average levels; and***
- ***High oil prices are not affecting gas prices at this time.***

Our latest outlook calls for coal prices to fall slowly through the winter and next year. When LNG imports accelerate (2007) look for more dramatic declines in coal prices. Our long expected PRB price recovery has begun. Prices have increased about 10%. Furthe increase will be muted, but over time, PRB prices will continue to grow.

Our newest 5-year forecast follows.

TABLE 3
SPOT PRICE FORECAST FOR KEY U.S. COALS

Spot Price Category	2005	2006	2007	2008	2009
			Nominal FOB Mine $/Ton		
NYMEX, Barge	57.90	54.84	46.88	43.03	42.45
CSX Big Sandy, Compliance Rail	62.31	58.69	49.31	44.86	44.22
NS Kenova/Thacker, Compliance Rail	65.02	61.14	51.08	46.38	45.74
Big Sandy River Compliance Barge	63.95	60.37	51.07	46.68	46.07
CSX Big Sandy, Low Sulfur Rail	58.20	54.90	46.36	42.24	41.63
NS Kenova/Thacker, Low Sulfur Rail	61.16	57.54	48.16	43.71	43.08
CSX Big Sandy, Mid Sulfur Rail	56.03	52.86	44.67	40.71	40.13
NS Interstate, Mid Sulfur Rail	61.46	57.64	47.83	43.19	42.53
Monongahela River, Low Sulfur Rail	56.80	53.03	43.90	39.75	39.09
Monongahela River, Mid Sulfur Rail	51.33	47.83	39.15	35.16	34.41
Mon River, High Sulfur Barge	48.38	45.72	38.37	34.78	33.97
Ohio River, High Sulfur Barge	33.19	32.29	29.74	28.50	28.38
Illinois Basin, Low Sulfur Rail	45.55	43.20	37.02	34.03	33.63
Illinois Basin, High Sulfur Rail	37.05	35.37	31.05	28.90	28.56
PRB High Btu	6.25	6.60	7.05	7.23	7.80
PRB Low Btu	5.18	5.52	5.96	6.11	6.62
Colo High Btu	29.13	27.49	23.42	21.59	21.32
Colo Low Btu	24.93	23.68	20.57	19.16	18.95
Utah Compliance	29.88	28.40	24.63	22.92	22.84

REGIONAL COAL PRICE RANGES

Each spot coal price category has been prepared with a set of data and procedures for which Henwood has quantified the uncertainty. In this section, the ranges of uncertainty for each coal category are identified and charted. Ranges in prices are illustrated with confidence limits. The narrower the range of expected prices, the lower is the confidence in the estimate. Data driving Henwood forecasts are usually distributed normally around each mean. Therefore, our analysis allows us to calculate price ranges based upon different measures of the spread of the probability function. We have chosen to calculate price ranges at two confidence intervals: 70% certainty and 95% certainty that actual average annual spot coal prices for the given period will fall into the described spot coal price range. Because our data approximate normal distributions, these uncertainties approximate one and two standard deviations from the mean. These uncertainties incorporate only the information available to us at this time, and in no way reflect unforeseen events that may occur in the future.

In Table 2, price ranges are illustrated based upon variations from the mean of about one standard deviation. In Table 5, ranges corresponding to approximately two standard deviations are shown. Again, these are drawn from normal distributions, and therefore correspond to 70% and 95% likelihoods, respectively.

TABLE 4
SPOT PRICE FORECAST FOR KEY U.S. COALS: 70% CONFIDENCE LIMITS

Spot Price Category	2005		2006		2007		2008		2009	
					Nominal FOB Mine $/Ton					
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
NYMEX, Barge	55.43	60.38	52.36	57.31	44.41	49.36	40.55	45.51	39.97	44.93
CSX Big Sandy, Compliance Rail	60.04	64.57	56.42	60.95	47.05	51.57	42.59	47.12	41.96	46.48
NS Kenova/Thacker, Compliance Rail	62.75	67.28	58.87	63.40	48.81	53.34	44.11	48.64	43.48	48.00
Big Sandy River Compliance Barge	60.74	67.15	57.16	63.57	47.87	54.28	43.48	49.89	42.87	49.28
CSX Big Sandy, Low Sulfur Rail	55.63	60.77	52.33	57.47	43.79	48.93	39.67	44.81	39.06	44.20
NS Kenova/Thacker, Low Sulfur Rail	58.79	63.53	55.17	59.91	45.79	50.53	41.34	46.08	40.70	45.45
CSX Big Sandy, Mid Sulfur Rail	53.61	58.44	50.45	55.27	42.25	47.08	38.30	43.13	37.71	42.54
NS Interstate, Mid Sulfur Rail	59.15	63.78	55.33	59.96	45.51	50.14	40.87	45.51	40.21	44.84
Monongahela River, Low Sulfur Rail	53.79	59.80	50.03	56.04	40.90	46.91	36.74	42.75	36.09	42.10
Monongahela River, Mid Sulfur Rail	48.77	53.89	45.27	50.39	36.58	41.71	32.60	37.72	31.85	36.97
Mon River, High Sulfur Barge	45.96	50.80	43.31	48.14	35.96	40.79	32.35	37.19	31.56	36.39
Ohio River, High Sulfur Barge	31.12	35.26	30.23	34.36	27.68	31.81	26.43	30.56	26.31	30.45
Illinois Basin, Low Sulfur Rail	42.51	48.59	40.15	46.24	33.97	40.06	30.99	37.08	30.59	36.67
Illinois Basin, High Sulfur Rail	34.91	39.18	33.23	37.51	28.91	33.18	26.76	31.04	26.42	30.70
PRB High Btu	5.85	6.66	6.19	7.00	6.64	7.45	6.83	7.64	7.40	8.20
PRB Low Btu	4.70	5.66	5.05	6.00	5.48	6.44	5.64	6.59	6.14	7.10
Colo High Btu	27.21	31.05	25.57	29.41	21.50	25.34	19.67	23.51	19.40	23.24
Colo Low Btu	22.84	27.01	21.59	25.76	18.48	22.65	17.07	21.24	16.87	21.04
Utah Compliance	27.79	31.96	26.31	30.48	22.54	26.71	20.84	25.01	20.75	24.92

TABLE 5
SPOT PRICE FORECAST FOR KEY U.S. COALS: 95% CONFIDENCE LIMITS

Spot Price Category	2005		2006		2007		2008		2009	
					Nominal FOB Mine $/Ton					
NYMEX, Barge	53.21	62.60	50.14	59.53	42.19	51.58	38.34	47.72	37.76	47.14
CSX Big Sandy, Compliance Rail	58.03	66.59	54.41	62.97	45.03	53.59	40.58	49.14	39.94	48.50
NS Kenova/Thacker, Compliance Rail	60.73	69.30	56.85	65.42	46.79	55.36	42.09	50.66	41.46	50.02
Big Sandy River Compliance Barge	57.88	70.01	50.14	59.53	42.19	51.58	40.62	52.75	40.01	52.14
CSX Big Sandy, Low Sulfur Rail	53.34	63.06	50.04	59.76	41.50	51.22	37.38	47.10	36.77	46.49
NS Kenova/Thacker, Low Sulfur Rail	56.67	65.65	53.05	62.02	43.68	52.65	39.23	48.20	38.59	47.56
CSX Big Sandy, Mid Sulfur Rail	51.46	60.59	48.29	57.43	40.10	49.24	36.15	45.28	35.56	44.70
NS Interstate, Mid Sulfur Rail	57.08	65.85	53.26	62.03	43.44	52.21	38.80	47.57	38.14	46.91
Monongahela River, Low Sulfur Rail	51.11	62.48	47.35	58.72	38.22	49.59	34.06	45.43	33.41	44.78
Monongahela River, Mid Sulfur Rail	46.48	56.17	42.98	52.68	34.30	43.99	30.32	40.01	29.56	39.25
Mon River, High Sulfur Barge	43.81	52.95	41.15	50.29	33.80	42.95	30.21	39.35	29.40	38.54
Ohio River, High Sulfur Barge	29.28	37.10	28.38	36.21	25.83	33.65	24.58	32.41	24.47	32.29
Illinois Basin, Low Sulfur Rail	39.79	51.31	37.44	48.95	31.26	42.77	28.28	39.79	27.87	39.39
Illinois Basin, High Sulfur Rail	33.00	41.09	31.33	39.42	27.00	35.09	24.85	32.94	24.52	32.61
PRB High Btu	5.49	7.01	5.83	7.36	6.29	7.81	6.47	7.99	7.04	8.56
PRB Low Btu	4.27	6.08	4.62	6.43	5.06	6.87	5.21	7.02	5.71	7.52
Colo High Btu	25.50	32.76	23.86	31.12	19.79	27.05	17.96	25.22	17.69	24.95
Colo Low Btu	20.98	28.87	19.73	27.62	16.62	24.51	15.21	23.10	15.01	22.89
Utah Compliance	25.93	33.82	24.45	32.34	20.68	28.57	18.98	26.86	18.90	26.78

:: daily market report

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› Physical Prices on 08/26/04 :: [CLICK HERE FOR SPECS]

TERM	CIF ARA		SA Low Vol		SA High Vol		Newcastle		Col 11300 Btu	
	BID	OFF	BID	OFF	BID	OFF	BID	OFF	BID	OFF
Sep'04	$74.70	$75.75	$59.25	$60.00	$59.55	$60.30	$54.45	$55.20	$58.65	$59.65
Oct'04	$74.45	$75.70	$58.80	$59.50	$59.10	$59.80				
Q4'04	$75.40	$76.30	$58.90	$59.35	$59.20	$59.65	$55.35	$56.05	$60.65	$61.80
Q1'05	$74.25	$75.50	$57.05	$58.15	$57.35	$58.45	$54.60	$55.40	$58.45	$60.05
Q2'05	$73.05	$73.55	$54.65	$55.40	$54.95	$55.70	$52.90	$54.00		
Cal'05	$72.05	$73.00	$54.50	$55.30	$54.80	$55.00	$52.25	$53.25	$58.70	$59.20
Cal'06	$62.10	$63.10								

Current 58.95

› Financial Prices on 08/26/04

TERM	*API #2			*API #4		
	BID	OFF	MID	BID	OFF	MID
Sep'04	$75.50	$76.50	$76.00	$58.50	$59.50	$59.00
Oct'04	$75.50	$76.50	$76.00	$58.50	$59.75	$59.12
Q4'04	$76.00	$76.50	$76.25	$58.75	$59.75	$59.25
Q1'05	$75.50	$76.00	$75.75	$57.50	$58.50	$58.00
Q2'05	$73.50	$74.00	$73.75	$55.75	$56.75	$56.25
Q3'05	$72.00	$72.50	$72.25	$54.50	$55.50	$55.00
Q4'05	$69.50	$70.00	$69.75	$54.00	$55.00	$54.50
Cal'05	$72.50	$73.25	$72.88	$55.50	$56.50	$56.00
Cal'06	$63.25	$64.00	$63.62	$50.25	$51.00	$50.62
Cal'07	$57.00	$58.00	$57.50	$44.50	$45.25	$44.88

› Exchange Rates on 08/26/04

RATES (USD 1.00)			
USD	1.0000	CHANGE	◉
AUD	1.4250	+0.004	○
EUR	0.8276	n/c	○
GPB	0.5574	-0.001	○
JPY	109.78	+0.125	○
ZAR	6.6212	-0.125	○

* Radio buttons change report currency.

13.85 Current freight mo6.1e

72.80

Debt 3,2212 $ MMBTU

› Implied Freights on 08/26/04

TERM	IMPL.PHYS	IMPL.FIN	ACTUAL
Sep'04	@ $15.60	@ $17.00	$19.25
Q4'04	@ $16.72	@ $17.00	$17.25
Cal'05	@ $17.63	@ $16.88	$15.85

› Implied Volatility on 08/26/04

› Spot freights on 08/26/04

FREIGHT	CAPE	PANAMAX	PRICE
Richards Bay, SA - ARA	150,000		$19.25
Newcastle, Australia - ARA	130,000		$25.55
Bolivar, Colombia - ARA	150,000		$19.55
Qinhuangdao, China - ARA	130,000		$23.70
Kalimantan, Indonesia - ARA	150,000		$22.70

PHYSICAL	I.VOL
FOB RBCT	27.00%
FOB BOL	22.00%
FOB NEWC	24.00%
CIF ARA	34.00%

Gdansk, Poland - ARA	65,000	$9.50
Bolivar, Colombia - Mobile, US	65,000	$13.85
Bolivar, Colombia - Baltimore, US	65,000	$14.85

FINANCIAL	BID	OFFER
*API #2	33.00%	38.00%
*API #4	28.00%	32.00%

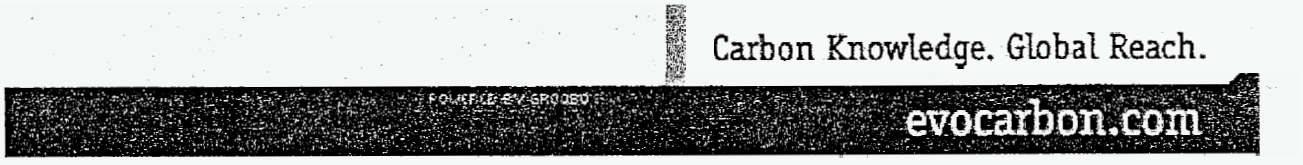
Intl Stock Levels (Mt) on 08/26/04

PRODUCT	24 Aug 04 WEEK 35	17 Aug 04 WEEK 34	10 Aug 04 WEEK 33	03 Aug 04 WEEK 32	27 Jul 04 WEEK 31	20 Jul 04 WEEK 30	12 Jul 04 WEEK 29
ARA	3.52	3.57	3.48	3.48	3.22	3.12	3.08
RBCT	2.53	2.90	2.91	2.99	2.93	3.46	3.12
Newc	0.79	0.55	1.32		1.42	1.46	0.86

Prompt Oil on 08/26/04

OIL	VAL
IPE Brent	$40.40
Nymex WTI	$43.15

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UNITED 25-Aug-04 www.upicoal.com Coal Desk Emissions Desk

United Power, Inc. (Coal & Emissions) Dan Vaughn @ 812-473-5810 Ian Tapsall @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Sep	61.00	62.00	60.50	10-Aug
Oct	62.00	63.00		
Q4 04	62.00	63.00	62.50	23-Aug
Q1 05	61.25	62.25	61.50	25-Aug
Q2 05	58.00	59.00	58.75	23-Aug
Q3 05	56.50	57.50	57.50 est	20-Aug
Q4 05	55.25	56.25	56.50 est	20-Aug
CY 05	57.75	58.75	58.25	25-Aug
CY 06	50.00	52.00	51.00	20-Aug

CSX-BSK < 1%

Bid - Ask Range		Last	Date
61.50	62.50	60.25	11-Aug
62.00	63.00		
62.00	63.00	62.25	23-Aug
60.50	61.50	61.00	25-Aug
57.00	58.00	57.00	20-Aug
55.50	56.50	57.00 est	20-Jul
54.00	55.00	55.00 est	20-Jul
56.75	57.75	56.75 est	19-Aug
48.75	50.75	49.25 est	19-Aug

PRB 8800

Bid - Ask Range		Last	Date
5.85	6.15	5.95	13-Aug
5.85	6.15		
5.85	6.15	5.95	2-Aug
6.55	6.85	6.75 est	8-Jul
7.30	7.60	7.25 est	8-Jul
7.60	7.90		
7.75	8.05		
7.30	7.60	7.50	27-Jul
7.90	8.20	8.05	27-Jul

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
Sep-Dec	CSX	12000	1.2	64.00	22-Jul
Nov-Mar	CSX	12500	1.2	66.00	12-Aug
Q4 04	NS	12500	1.6	66.00	23-Aug
Q1 05	NS	12500	1.6	60.25 est	23-Aug
Sept	NS	12500	1.2	69.00	20-Aug
Aug-Nov	NAPP bg	13000	4.0 / 5.0	50.50	9-Aug
Q1 05	NAPP rail	13000	4.0 / 4.5	50.00	20-Aug
CY 05	PRB 84	8400	0.8	5.90	24-Aug

Emissions

SO2	Bid	Ask
Spot	425	450
NOx		
2004	2000	2025
2005	3300	3400
2006	[illegible]	[illegible]
2007	2425	2475
2008	2100	2500

The Daily Scoreboard

Nymex look-alike & other
CY 05 trades 58.25
Q1 trades 61.50
Q1Q2 05 over Q3Q4 05 trades
3.75 and 4.00
CY 05 67.00 Qtrly Call trades 0.90
CSX Rail
Q4 trades 62.50 and 62.75
Q1 trades 61.00

PRB 8400
Correction, my text labeling should have indicated PRB 8400 not 8800 on yesterday trades (5.90, 5.85 and 5.90 (2T)
(but I think you all knew that)
SO2
Market shows renewed interest
trading from 470, down to 440
Seven trades, totalling 22,250 tons

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
Sep	NS	12500	1.2	10k		70.00
Q4	NS	12800	1.9	10k		65.00
Q4	CSX	12500	1.6	10k		63.00

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal 25-Aug-04

Origin	Btu	#SO2	Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4	CY 05	CY 06
			Sep	Oct	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05		
BNSF / UP	8800	0.8	6.00	6.00	6.00	6.70	7.45	7.75	7.90	7.45	8.05
BNSF / UP	8400	0.8	4.70	4.75	4.75	5.25	5.95	6.25	6.40	5.95	6.55

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06
BS Rvr	12000	1.2	68.50	69.50	69.50	66.75	63.50	62.00	60.75	63.25	56.00
Nym LAL	12000	1.6	61.50	62.50	62.50	61.75	58.50	57.00	55.75	58.25	51.00
CSX-BSK	12500	1.2	67.00	67.50	67.50	66.00	62.50	61.00	59.50	62.25	54.75
CSX-BSK	12500	1.6	62.00	62.50	62.50	61.00	57.50	56.00	54.50	57.25	49.75
NS-T/K	12500	1.2	70.25	71.25	71.25	65.75	62.50	61.00	59.75	62.25	55.25
NS-T/K	12500	1.6	66.00	66.50	66.50	60.00	56.75	55.25	54.00	56.50	49.75

NAPP Coal

Origin	Btu	#SO2	Sep	Oct	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06
MGA	13000	3.0 / 3.4	60.50	60.50	60.50	56.50	53.50	51.50	51.50	53.25	46.25
MGA	13000	4.0 / 4.5	54.00	54.00	54.00	50.00	47.00	45.00	45.00	46.75	39.75
	13000	4.0 / 5.0								44.00	37.00
U. OH Rvr	12200	6.0	35.00	35.00	35.00	33.00	33.00	33.00	33.00	33.00	31.00

ILB Barge Coal

Origin	Btu	#SO2	Sep	Oct	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06
L. OH Rvr	12000	2.0	49.00	49.00	49.00	45.00	45.00	45.00	45.00	45.00	45.00
L. OH Rvr	12000	5.0	38.50	38.50	38.50	35.50	35.50	35.50	35.50	35.50	35.50

Colorado Coal

Origin	Btu	#SO2	Sep	Oct	Q4 04	Q1 05	Q2 05	Q3 05	Q4 05	CY 05	CY 06
UP	11900	1.0	30.00	30.00	30.00	27.50	27.50	26.50	26.50	27.00	27.75
UP	11300	1.0	26.00	26.00	26.00	23.50	23.50	22.50	22.50	23.00	23.75

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All trades are based on market information reported to United by market participants. Information is believed to be reliable but cannot be guaranteed.

COAL SOLICITATION—"A" & "D" COAL
CRYSTAL RIVER UNITS 1, 2, 4 & 5

RFP'S RELEASED 04/12/04

EVALUATION WORKPAPERS

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PROGRESS FUELS CORPORATION . . .

CR 1 and 2

May 2004

Solicitation

ALL BIDS by Rail/Water

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						Apex 3
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS					Trans cost needed	reopener 06 and 07
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	30.00%	42	2.10		ASV						
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	240		240		240		0	$0.00			13.50%	0.98%	12,200	6.70%	30.00%	40	1.60		ASV					Specs way off	Sulfur Premium!!
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
	240		240		0		0	$0.00			12.00%	1.00%	12,300	8.00%	32.00%	45	1.63		S						
	200		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	200		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	400		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price

Revised: 5/13/2004 8:48

PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

Solicitation

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	240		240		0		0	$0.00			12.00%	1.00%	12,300	8.00%	32.00%	45	1.63		S						
	400		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	200		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	200		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						reopener 06 and 07
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						Apex 3
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	30.00%	42	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
	240		240		240		0	$0.00			13.50%	0.98%	12,200	6.70%	30.00%	40	1.60		ASV					Specs way off	Sulfur Premium!!
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price

Revised: 5/13/2004 8:48

PROGRESS FUELS CORPORATION

CR 1 and 2
May 2004
Solicitation
ALL BIDS

[redacted] Term 2 yrs.

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes:
[redacted]	720	[redacted]	0	[redacted]	0	[redacted]	0	$0.00	[redacted]		12.50%	1.27%	12,100	8.00%	31.00%	42	2.10	[redacted]	AS	[redacted]	[redacted]	[redacted]	[redacted]		New Ridge/Goff
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						Ash/Vol Out
	720		0		0		0	$0.00			12.50%	1.27%	12,100	8.00%	30.00%	42	2.10		ASV						Bandmill
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	42	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						Note reopener 06 and 07
	240		240		0		0	$0.00			12.00%	0.99%	12,300	8.00%	32.00%	45	1.60		S						SO2 set to 1.6
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	240		240		240		0	$0.00			13.50%	1.28%	12,200	6.70%	30.00%	40	2.10		ASV						Sulfur Premium @ 1.6
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						

*estimated in red

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price [redacted]

Revised: 5/14/2004 17:01

	2005	2006
Dld Tons	120,000	240,000
$/Tn	[redacted]	[redacted]
Delvd $/mmBTU	[redacted]	[redacted]
Tons	720,000	—
$/Tn	[redacted]	—
Delvd $/mmBTU	[redacted]	—
Tons	240,000	240,000
$/Tn	[redacted]	[redacted]
Delvd $/mmBTU	[redacted]	[redacted]

Note:

Currently discussing w/ Massey 300K add 150 2005 and 150 2006. We are considering the Cleaned Coal has informed us that they will only have 750K for renewal.

Additional conversations w/ Coal indicate they will have 1.0 million for the renewal

RS 5/25/04

PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

Solicitation

ALL BIDS by Rail/Water

Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	720		0		0		0	$0.00			12.50%	1.26%	12,100	8.00%	31.00%	42	2.08		AS						
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.26%	12,100	8.00%	30.00%	42	2.08		ASV						
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						reopener 06 and 07
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	240		240		240		0	$0.00			13.50%	0.98%	12,200	6.70%	30.00%	40	1.60		ASV						Sulfur Premium!!
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
	240		240		0		0	$0.00			12.00%	1.00%	12,300	8.00%	32.00%	45	1.63		S						
	200		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	200		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	400		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price

Revised: 5/13/2004 11:56

Purchased 5/14

		2005	2006
Massey (CSX BS)	Tons	720	—
	$		—
Black Gold (CSX Harlan)	Tons	120	240
	$		

PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

~~Solicitation~~

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
[redacted]	240	[redacted]	240	[redacted]	0	[redacted]	0	$0.00	[redacted]	[redacted]	12.00%	1.00%	12,300	8.00%	32.00%	45	1.63	[redacted]	S	[redacted]	[redacted]	[redacted]	[redacted]		
	720		0		0		0	$0.00			12.50%	1.26%	12,100	8.00%	31.00%	42	2.08		AS						
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.26%	12,100	8.00%	30.00%	42	2.08		ASV						
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						reopener 06 and 07
	200		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	240		240		240		0	$0.00			13.50%	0.98%	12,200	6.70%	30.00%	40	1.60		ASV						Sulfur Premium!!
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	200		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	400		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price [redacted]

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PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

Solicitation

Short List

1 Year Bids

(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
720	[redacted]	720	[redacted]	[redacted]	[redacted]	12.50%	1.26%	12,100	8.00%	31.00%	42	2.08	[redacted]	AS	[redacted]	[redacted]	[redacted]	[redacted]		18 month deal
250		250				13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						
120		120				10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						
240		240				11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
240		240				12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
240	[redacted]	240	[redacted]			12.00%	1.00%	12,300	8.00%	32.00%	45	1.63	[redacted]	S						

*estimated in red

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

.SO2 Price [redacted]

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PROGRESS FUELS CORPORATION

CR 1 and 2
May 2004
Solicitation
Short List
1 Year Bids

1,21,07

(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
250	[redacted]	250	[redacted]	[redacted]	[redacted]	13.00%	1.31%	12,500	7.00%	29.00%	50	2.10	[redacted]	ASV	[redacted]	[redacted]	[redacted]	[redacted]		
120		120				10.00%	1.34%	12,700	8.00%	31.00%	45	2.10		S						Apex 3
240		240				11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
720		720				12.50%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
240		240				12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
240	[redacted]	240	[redacted]	[redacted]	[redacted]	12.00%	1.00%	12,300	8.00%	32.00%	45	1.63	[redacted]	S	[redacted]	[redacted]	[redacted]	[redacted]		

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

*estimated in red

SO2 Price [redacted]

Revised: 5/13/2004 10:28

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS by Rail/Water

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
[redacted]	720	[redacted]	0	[redacted]	0	[redacted]	0	[redacted]			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20	[redacted]	A	[redacted]					
	360		360		360		0				12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	150		150		600		0				10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener
	504		0		0		0	$0.00			5.64%	0.30%	8,795	26.70%	31.65%	51	0.68		BM						
	500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		BM						
	500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						
	1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						
	1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
	200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	32.00%	45	1.18		BM						
	50		500		500		500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						ground storage included
	0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	300		300		0		0	$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	200		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	400		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	46	1.20		SM						
	150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								SO2 guaranteed at 0.8
	400		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			8.00%	0.71%	12,400	9.00%	35.00%	46	1.15								
	330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		S						
	200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price [redacted]

Revised: 5/13/2004 11:55

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	504		0		0		0	$0.00			5.64%	0.30%	8,795	26.70%	31.65%	51	0.68		BM						
	500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		BM						
	500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						
	1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						
	1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
	200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	32.00%	45	1.18		BM						
	50		500		500		500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S					ground storage included	
	0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	300		300		0		0	$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	200		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	400		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								
	400		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM					SO2 guaranteed at 0.8	
	150		0		0		0	$0.00			8.00%	0.71%	12,400	9.00%	35.00%	46	1.15								
	330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		S						
	200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
	150		150		600		0	$0.00			10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H					06 & 07 reopener	

CR 45 Economics Base Specifications						
Ash	Sulfur	Btu	Moisture	Vol	HGI	
10.00%	0.70%	12,000	8.00%	31.00%	40	

*estimated in red

SO2 Price

Revised: 5/13/2004 11:36

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS by Rail/Water

2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
504		0		0		0	$0.00			5.64%	0.30%	8,800	26.70%	31.65%	51	0.68		BM						
500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.26%	61	0.80		BM						Incl ground storage- SO2 prem@0.8
500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						
1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 prem@0.8
1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.60		BMV						SO2 prem@0.8
200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	30.75%	61	1.18		BMV						Check vol on IB Coal
50		500		500		500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						ground storage included
0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
300		300		0		0	$0.00			12.00%	0.74%	12,300	8.00%	31.00%	42	1.20								
720		0		0		0	$0.00			11.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
600		0		0		0	$0.00			12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						18 month
200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								SO2 guaranteed at 0.8
200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
150		0		0		0	$0.00			8.00%	0.75%	12,400	9.00%	35.00%	46	1.20		S						
330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20								
200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
150		150		600		0	$0.00			10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener
600		0		0		0	$0.00			12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						NS Move--NO FREIGHT included

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price

Revised: 5/14/2004 17:18

PROGRESS FUELS CORPORATION

CR Units 4 and 5
May 2004
Solicitation
Short List

(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
720	[redacted]	720	[redacted]	[redacted]	[redacted]	12.00%	0.73%	12,100	8.00%	31.00%	42	1.20	[redacted]	A	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	18 Month deal
360		360				12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
150		150				10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener
300	[redacted]	300	[redacted]	[redacted]	[redacted]	12.00%	0.73%	12,300	8.00%	31.00%	42	1.19	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]		
720		720				13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price [redacted]

000's

Call Roy re CMC

	2005	2006
Purchased 5/14		
# Rail Massey (CSX Kan) Tons	720	—
# Delivered $	[redacted]	—
Progress (D. May) Tons	360	360
# Delivered $	[redacted]	[redacted]
Water		
Central Coal Tons	300	300
$	[redacted]	[redacted]
Delivered	1380	660
	[redacted]	[redacted]

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS by Rail/Water

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	150		150		600		0	$0.00			10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener
	504		0		0		0	$0.00			5.64%	0.30%	8,795	26.70%	31.65%	51	0.68		BM						ground storage included
	500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		BM						
	500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						
	1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 guaranteed at 0.8
	1000		1000		1000		0	$0.00			5.50%	0.35%	8,800	28.50%	31.50%	65	0.80		BM						
	300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
	200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	32.00%	45	1.18		BM						
	50		500		500		500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						
	0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	300		300		0		0	$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	200		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	400		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								
	400		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			8.00%	0.71%	12,400	9.00%	35.00%	46	1.15								
	330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		S						
	200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price

Revised: 5/13/2004 8:42

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	150	[redacted]	150	[redacted]	600	[redacted]	0	$0.00	[redacted]	[redacted]	10.00%	0.74%	12,300	9.00%	32.00%	39	1.20	[redacted]	H	[redacted]	[redacted]	[redacted]	[redacted]		06 & 07 reopener
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						
	300		300		0		0	$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								
	400		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	400		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	200		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
	504		0		0		0	$0.00			5.64%	0.30%	8,795	26.70%	31.65%	51	0.68		BM						
	150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								ground storage included
	150		0		0		0	$0.00			8.00%	0.71%	12,400	9.00%	35.00%	46	1.15								
	330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		S						
	200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
	0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	32.00%	45	1.18		BM						
	500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		BM						
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
	50		500		500		500	[redacted]			12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						
	300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
	1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 guaranteed at 0.8
	1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
	1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

*estimated in red

SO2 Price [redacted]

Revised: 5/13/2004 8:42

UNITED 12-May-04 www.upicoal.com Coal Desk Emissions Desk

United Power, Inc. (Coal & Emissions) Dan Vaughn @ 812-473-5810 Ian Tapsall @ 203-762-8493 Tom Gibson @ 281-340-8300

Nymex look-alike

Delivery	Bid - Ask Range		Last	Date
Jun	51.50	53.00	*51.75*	5-May
Jul	53.50	54.50	*51.75*	5-May
Q3 04	54.25	55.25	*55.25*	10-May
Q4 04	54.75	55.75	*55.25*	10-May
	52.50	53.50	*53.00 est.*	11-May
	50.50	51.50	*51.00 est.*	11-May
	47.00	47.50		
CY 05	48.75	49.75	*47.25*	5-May
	45.75	46.75	*45.50 est.*	26-Apr

CSX-BSK < 1%

Bid - Ask Range		Last	Date
55.50	57.00	*56.25*	11-May
57.00	58.00		
57.25	58.25	*58.10*	10-May
57.75	58.75	*58.25*	11-May
53.75	54.75	*54.25*	11-May
49.50	50.50	*50.00 est.*	11-May
47.00	48.00		
49.00	50.00	*49.60*	12-May
46.50	47.50	*est.*	

PRB 8800

Bid - Ask Range		Last	Date
5.85	6.15	*6.05*	31-Mar
5.95	6.25		
6.00	6.30	*6.10*	6-May
6.30	6.60	*6.40*	11-May
6.80	7.10	*6.95*	11-May
7.05	7.35		
7.25	7.55		
7.10	7.40	*7.25*	7-May
7.40	7.70	*7.55*	7-May

Other Markets - Most Recent Trades

Delivery	Origin	Btu	#SO2	Last	Date
May-Jun	CSX	12500	1.2	*57.00*	29-Mar
Q3Q4	CSX	12500	1.2		
Q3Q4	NS	12500	1.6	*53.00*	15-Apr
CY 05	NS	12500	1.6	*49.25*	11-May
May	NS	12500	1.2	*58.65*	11-May
May-Jun	Pitt8 Rail	13000	3.0 / 3.4	*48.00*	7-Apr
Apr May	Pitt8 Rail	13000	4.6 / 5.0	*43.00*	15-Apr
Q3Q4	PRB 84	8400	0.8	*5.00*	6-May

2004	2150	2200
2005	3000	3100
2006	2925	3000
2007	2600	2800
2008	2200	2500

The Daily Scoreboard

Nymex Barge & other

CY 05 was 49.00 bid

CSX Rail

CY 05 1% trades 49.50 and 49.60
follow market 4950 / 50.00
Q4 1% 57.00/ 59.50

NS Rail

CY 05 closes in on 49.00 / 49.25
but no trade (at least not that I know of)

Anyway, quite day for the most part but
I am open for business 24/7
(well more like 11/5)

Additional Market Activity

Delivery	Origin	Btu	#SO2	Mo. Qnty	Bid	Ask
May-Jun	CSX	12500	2.5	*20k*	52.00	55.00
May	Nyn LAL	12000	1.7	*7.75k*		52.00
Q3Q4	NS v CSX	12500	1.6	*spread*	1.20	1.50
Q3Q4	NS	12500	1.6	*10k*	58.50	
CY 05	NS	12500	1.6	*10k*	49.00	49.25
CY 05	NS v CSX	12500	1.2 v 1.6	*spread*	1.60	2.00
Q3	MGA	13000	3.0	*10k*	47.00	

Vaughn's View of the Market - a perspective provided by United to assist in marking coals to market

PRB Coal 12-May-04

Origin	Btu	#SO2
BNSF / UP	8800	0.8
BNSF / UP	8400	0.8

Prompt	PM + 1	PQ	PQ + 1	PQ + 2	PQ + 3	PQ + 4
Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05
6.00	6.10	6.15	6.45	6.95	7.20	7.40
5.10	5.10	5.15	5.40	5.85	6.10	6.30

CY 05	CY 06
7.25	7.55
6.15	6.45

Gray shaded numbers represent OTC Broker index numbers submitted by United to trade publications

CAPP Coal

Origin	Btu	#SO2	Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	CY 05	CY 06
BS Rvr	12000	1.2	55.25	57.00	57.75	58.00	55.50	53.50	49.75	51.75	48.25
Nym LAL	12000	1.6	52.25	54.00	54.75	55.25	53.00	51.00	47.25	49.25	46.25
CSX-BSK	12500	1.2	58.00	59.30	59.55	60.05	56.05	51.80	49.30	51.30	48.90
CSX-BSK	12500	1.6	56.25	57.50	57.75	58.25	54.25	50.00	47.50	49.50	47.00
NS-T/K	12500	1.2	59.00	60.30	60.55	61.15	56.15	51.90	49.40	51.40	48.90
NS-T/K	12500	1.6	57.25	58.50	58.75	59.25	54.25	50.00	47.50	49.50	47.00

NAPP Coal

Origin	Btu	#SO2	Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	CY 05	CY 06
MGA	13000	3.0 / 3.4	48.25	48.25	47.00	46.00	41.00	38.00	37.00	38.25	37.00
MGA	13000	4.0 / 4.5	45.25	45.25	44.00	43.00	37.50	34.50	33.50	34.75	33.50
Mon Rvr	13000	3.8 / 5.0	43.25	43.25	38.50	37.00	32.00	31.00	30.50	31.00	30.50
U. OH Rvr	12200	6.0	30.00	30.00	29.00	29.00	27.00	27.00	27.00		

ILB Barge Coal

Origin	Btu	#SO2	Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	CY 05	CY 06
L. OH Rvr	12000	2.2	42.00	42.00	42.00	42.00	40.00	40.00	40.00	40.00	40.75
L. OH Rvr	12000	5.0	34.50	34.50	34.50	34.50	31.50	31.50	31.50	31.00	31.75

Colorado Coal

Origin	Btu	#SO2	Jun	Jul	Q3 04	Q4 04	Q1 05	Q2 05	Q3 05	CY 05	CY 06
UP	11900	1.0	28.00	28.00	28.00	28.00	25.00	25.00	25.00	25.00	26.00
UP	11300	1.0	24.50	24.50	24.50	24.50	21.50	21.50	21.50	21.50	22.50

evolution
MARKETS LLC

Evolution Express Price Report as of 05/12/04

Generated May 12, 2004, 6:22 pm for: al.pitcher@progressfuels.com
source: http://www.evomarkets.com

Coal Markets as of 05/12/04

PRB8400 prices

term	bid	offer	last	date
Q3'04-Q4'04	$4.95	$5.40	$6.00	1/9/03
Q3'04	$4.80	$5.20		
Q4'04	$5.10	$5.50		
Cal'05	$5.80	$6.40		
Cal'06	$6.00	$6.55		

PRB8800 prices

term	bid	offer	last	date
May'04	$5.85	$6.25		
Q3'04-Q4'04	$6.15	$6.50	$6.40	5/3/04
Q3'04	$6.00	$6.25	$6.10	5/6/04
Q4'04	$6.35	$6.70	$6.40	5/11/04
Cal'05	$7.10	$7.30	$7.25	5/6/04
Cal'06	$7.40	$7.80	$7.70	3/3/04

NYMEX prices

term	bid	offer	last	date
Jun'04	$51.00	$53.00	$52.25	
Q3'04-Q4'04	$54.75	$56.00	$55.25	5/10/04
Q3'04	$54.75	$56.00	$53.25	4/27/04
Q4'04	$54.75	$56.00	$52.50	5/3/04
Q1'05-Q2'05	$50.50	$52.50	$52.00	5/11/04
Q1'05	$52.50	$54.50	$52.50	5/4/04
Q2'05	$48.50	$50.50		
Q3'05-Q4'05	$47.00	$50.00		
Cal'05	$49.15	$50.50	$47.25	5/6/04
Cal'06	$45.00	$47.50		

CSX <1% prices

term	bid	offer	last	date
May'04-Jun'04	$55.50	$57.50	$54.00	4/20/04
Q3'04-Q4'04	$57.50	$58.50	$58.10	5/6/04
Q3'04	$57.50	$58.00	$57.00	5/6/04
Q4'04	$58.00	$58.50	$58.25	5/12/04
Q1'05-Q2'05	$51.75	$53.50	$52.00	5/12/04
Q1'05	$54.00	$54.50	$54.25	5/12/04
Q2'05	$50.00	$52.00	$50.75	3/23/04
Q3'05-Q4'05	$46.00	$48.00		
Cal'05	$49.30	$49.75	$49.60	5/12/04
Cal'06	$45.00	$47.00		

CSX 1.2# prices

term	bid	offer	last	date
Jun'04-Dec'04	$57.25	$59.50		
Cal'05	$50.00	$52.50		

NS <1% prices

term	bid	offer	last	date
Q3'04-Q4'04	$58.25	$59.75	$53.00	4/15/04
Cal'05	$48.75	$49.25	$49.25	5/12/04
Cal'06	$45.00	$48.00		

NS 1.2# prices

term	bid	offer	last	date
Q3'04-Q4'04	$60.00	$62.50	$58.00	4/8/04
Cal'05	$51.00	$53.00		

NAPP coal

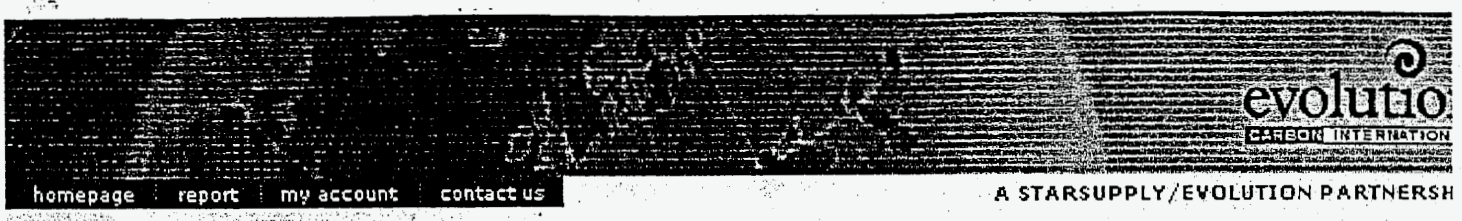
term	origin	qty	btu	sso2	ash	bid	offer
May'04-Jun'04	MGA	1 tpm	13000	3.0 (3.4#)		$46.00	$50.00

CAPP coal

term	origin	qty	btu	sso2	ash	bid	offer
Apr'04-May'04	NS Kenova Thacker	1 tpm	12500	1.5%	11	$50.00	
Apr'04-May'04	NS Kenova Thacker	1 tpm	12000	1.5%	15		$46.50

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:: daily market report

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Physical Prices on 05/12/04 :: [CLICK HERE FOR SPECS]

TERM	CIF ARA		SA Low Vol		SA High Vol		Newcastle		Col 11300 Btu	
	BID	OFF	BID	OFF	BID	OFF	BID	OFF	BID	OFF
May'04	$65.00	$65.80	$51.60	$52.65	$51.90	$52.95	$57.65	$58.80	$47.75	$49.45
Jun'04	$65.25	$66.30	$51.70	$52.75	$52.00	$53.05	$57.85	$58.95	$47.75	$49.70
Jul'04	$65.25	$66.25	$51.95	$53.00	$52.25	$53.30	$57.80	$58.95	$47.65	$49.50
Q3'04	$65.35	$66.50	$52.75	$53.90	$53.05	$54.20	$57.70	$58.70	$48.00	$49.40
Q4'04	$65.80	$66.85	$53.00	$53.95	$53.30	$54.25	$57.40	$58.70	$47.00	$48.80
Q1'05	$65.70	$66.80	$52.00	$52.95	$52.30	$53.25	$56.00	$57.50	$47.00	$48.40
Q2'05	$65.20	$66.15	$51.80	$52.75	$52.10	$53.05				
Cal'05	$64.80	$65.75	$51.40	$52.65	$51.70	$52.95			$46.00	$47.50
Cal'06	$59.25	$60.55								

Financial Prices on 05/12/04

TERM	*API #2			*API #4		
	BID	OFF	MID	BID	OFF	MID
May'04	$65.50	$66.00	$65.75	$52.50	$53.00	$52.75
Jun'04	$66.00	$66.50	$66.25	$53.00	$53.50	$53.25
Q3'04	$67.20	$68.00	$67.60	$54.50	$55.60	$55.05
Q4'04	$67.60	$68.00	$67.80	$55.00	$55.50	$55.25
Q1'05	$67.60	$68.00	$67.80	$55.00	$55.80	$55.40
Q2'05	$67.00	$67.90	$67.45	$54.50	$55.00	$54.75
Q3'05	$65.00	$65.50	$65.25			
Q4'05	$64.00	$64.50	$64.25			
Cal'05	$65.10	$65.25	$65.17	$54.00	$54.25	$54.12
Cal'06	$60.75	$61.25	$61.00	$50.25	$51.25	$50.75

Exchange Rates on 05/12/04

RATES (USD 1.00)		
USD	1.0000	CHANGE
AUD	1.4402	+0.005
EUR	0.8412	-0.004
GPB	0.5637	-0.006
JPY	113.36	-0.120
ZAR	6.8456	-0.073

* Radio buttons change report currency.

Implied Freights on 05/12/04

TERM	IMPL.PHYS	IMPL.FIN	ACTUAL
May'04	@ $13.28	@ $13.00	$14.00
Q3'04	@ $12.60	@ $12.55	$13.25
Cal'05	@ $13.25	@ $11.05	$12.25

Spot freights on 05/12/04

FREIGHT	CAPE	PANAMAX	PRICE
Richards Bay, SA - ARA	150,000		$14.00
Newcastle, Australia - ARA	130,000		$28.20
Bolivar, Colombia - ARA	150,000		$15.40

Implied Volatility on 05/12/04

PHYSICAL	I.VOL	FINANCIAL	BID	OFFER
FOB RBCT	23.50%	*API #2	28.00%	34.00%
FOB BOL	18.50%	*API #4	24.00%	30.00%
FOB NEWC	23.50%			
CIF ARA	34.00%			

Qinhuangdao, China - ARA	130,000		$24.30
Kalimantan, Indonesia - ARA	150,000		$23.30
Murmansk, Russia - ARA		65,000	$18.55
Gdansk, Poland - ARA		65,000	$15.40
Bolivar, Colombia - Mobile, US		65,000	$11.05
Bolivar, Colombia - Baltimore, US		65,000	$12.05

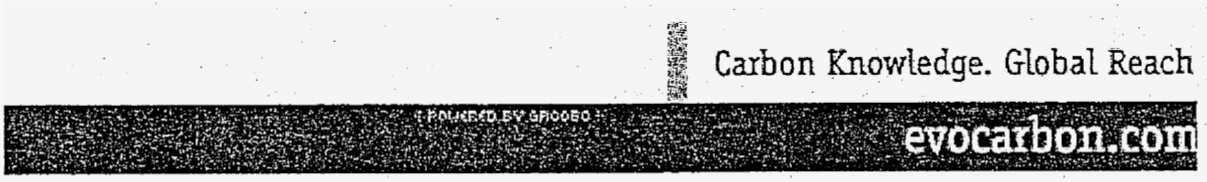
Intl Stock Levels (Mt) on 05/12/04

PRODUCT	11 May 04 WEEK 20	04 May 04 WEEK 19	28 Apr 04 WEEK 18	20 Apr 04 WEEK 17	14 Apr 04 WEEK 16	06 Apr 04 WEEK 15	30 Mar 04 WEEK 14
ARA	3.38	3.36	3.37	3.35	3.30	3.25	3.30
RBCT	2.68	1.99	2.24	2.20	2.20	2.00	2.10
Newc	0.79	0.66	0.73	0.74	0.74	0.90	0.68

Prompt Oil on 05/12/04

OIL	VAL
IPE Brent	$37.64
Nymex WTI	$40.40

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PROGRESS FUELS CORPORATION

CR 1 & 2

May 2004

~~Solicitation~~

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp Cost	Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
[redacted]	120	[redacted]	240	[redacted]	240	[redacted]	0	$0.00	[redacted]		10.00%	1.34%	12,700	8.00%	31.00%	45	2.10	[redacted]	S	[redacted]	[redacted]	[redacted]	[redacted]		
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	240		240		0		0	$0.00			12.00%	1.00%	12,300	8.00%	32.00%	45	1.63		S						
	400		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	200		0		0		0	$0.00			9.20%	0.79%	11,800	12.30%	33.00%	45	1.34		SM						
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	200		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	33.00%	45	1.34		SBM						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS					Trans cost needed	reopener 06 and 07
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						Apex 3
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	30.00%	42	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
	240		240		240		0	$0.00			13.50%	0.98%	12,200	6.70%	30.00%	40	1.60		ASV					Specs way off	Sulfur PremiumII
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						
																					#VALUE!				

Bankruptcy Not Performed Through Delivery

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price [redacted]

Revised: 5/12/2004 19:43

PROGRESS FUELS CORPORATION

CR Units 4 +5

May 2004

Solicitation

ALL BIDS

2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
150		150		600		0	$0.00			10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						
500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						Check Price Logic
300		300		0		0	$0.00			12.00%	0.73%	12,300	8.00%	31.00%	42	1.19								
400		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
400		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
200		0		0		0	$0.00			8.30%	0.70%	11,600	12.00%	33.00%	45	1.20		BM						
504		0		0		0	$0.00			5.64%	0.30%	8,795	26.70%	31.65%	51	0.68		BM						
150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								add .20 for ground storage
150		0		0		0	$0.00			8.00%	0.71%	12,400	9.00%	35.00%	48	1.15								
330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		S						
200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						
50		500		500		0	$0.00			12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						08 -500ktons@29.18
300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.61		BMV						
360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 guaranteed at 0.8
1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						
200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	32.00%	45	1.18		BM						
500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.00%	45	0.80		BM						

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price

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PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0			360			—		
		Black Gold	120.0			240					
		Open	286.0			1,455.0			2,473.0		
			1,126.0	74.6%	25.4%	1,455.0	0.0%	100.0%	2,473.0	0.0%	100.0%
"A"	Water	Central	~~240.0~~								
		Open							-		
			240.0	100.0%	0.0%		0.0%	100.0%		0.0%	100.0%
"D"	Rail	Massey	~~360.0~~			360					
		Progress	360.0								
		Open	~~141.0~~			1,223.0			1,733.0		
			~~861.0~~	83.6%	16.4%	1,223.0	0.0%	100.0%	1,733.0	0.0%	100.0%
"D"	Water	~~Massey~~	~~360.0~~								
		Central	300.0								
		Open	-			650.0			2,300.0		
			~~660.0~~	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	85.2%	14.8%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
	Rail	Committed	1,560.0			-					
		Open	427.0			2,678.0			4,206.0		
			1,987.0	78.5%	21.5%	2,678.0	0.0%	100.0%	4,206.0	0.0%	100.0%
	Water	Committed	900.0								
		Open	-			650.0			2,300.0		
			900.0	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	85.2%	14.8%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%

05/13/04 1:42 PM

2005

1 & 2

AT MASSEY	720 R
BLACK GOLD	120 R
CENTRAL	240 W

4 & 5

A.T. MASSEY	360 W	660
	360 R	
PROGRESS	360 R	
CENTRAL	300 W	

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PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0								
		Black Gold	120.0								
		Open	286.0			1,455.0			2,473.0		
			1,126.0	74.6%	25.4%	1,455.0	0.0%	100.0%	2,473.0	0.0%	100.0%
"A"	Water	Central	240.0								
		Open	-			-			-		
			240.0	100.0%	0.0%	-	0.0%	100.0%	-	0.0%	100.0%
"D"	Rail	Massey	360.0								
		Progress	360.0								
		Open	141.0			1,223.0			1,733.0		
			861.0	83.6%	16.4%	1,223.0	0.0%	100.0%	1,733.0	0.0%	100.0%
"D"	Water	Massey	360.0								
		Progress	300.0								
		Open	-			650.0			2,300.0		
			660.0	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	85.2%	14.8%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
	Rail	Committed	1,560.0			-			-		
		Open	427.0			2,678.0			4,206.0		
			1,987 0	78.5%	21.5%	2,678.0	0.0%	100.0%	4,206.0	0.0%	100.0%
	Water	Committed	900.0			-			-		
		Open	-			650.0			2,300.0		
			900.0	100.0%	0.0%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	85.2%	14.8%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
05/13/04 1:39 PM			-			-			-		

CONFIDENTIAL

PROGRESS FUELS CORPORATION

Potential Purchases

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 80%	2005 20%	2006 Open Total	2006 80%	2006 20%	2007 Open Total	2007 80%	2007 20%
"A"	Rail	Massey	720.0								
		Black Gold	120.0								
		Open	286.0	228.8	57.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
			1,126.0	228.8	57.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
"A"	Water	Central	240.0								
		Open	-	-		-	-				
			240.0								
"D"	Rail	Massey	360.0								
		Progress	360.0								
		Open	141.0	112.8	28.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
			861.0	112.8	28.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
"D"	Water	Massey	360.0								
		Progress	300.0								
		Open	-			650.0	520.0	130.0	2,300.0	1,840.0	460.0
			660.0			650.0	520.0	130.0	2,300.0	1,840.0	460.0
			2,887.0	341.6	85.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2
	Rail	Committed	1,560.0		-	-					
		Open	427.0	341.6	85.4	2,678.0	2,142.4	535.6	4,206.0	3,364.8	841.2
			1.987.0	341.6	85.4	2,678.0	2.142.4	535.6	4,206.0	3,364.8	841.2
	Water	Committed	900.0		-						
		Open	-	-		650.0	520.0	130.0	2,300.0	1,840.0	460.0
			900.0			650.0	520.0	130.0	2,300.0	1,840.0	460.0
			2,887.0	341.6	85.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2

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PROGRESS FUELS CORPORATION

Potential Purchases From
2005-2007 RFP

Coal Type	Transportation Mode	2005 Open Total	2005 80%	2005 20%	2006 Open Total	2006 80%	2006 20%	2007 Open Total	2007 80%	2007 20%
"A"	Rail	1,126.0	900.8	225.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
"A"	Water (1)	240.0	240.0					-	-	-
"D"	Rail	1,061.0	848.8	212.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
"D"	Water	460.0	368.0	92.0	650.0	520.0	130.0	2,300.0	1,840.0	460.0
		2,887.0	2,357.6	529.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2

(1) RFP Results Central Coal

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PROGRESS FUELS CORPORATION

Potential Purchases From
2005-2007 RFP

Coal Type	Transportation Mode	2005 Open Total	2005 80%	2005 20%	2006 Open Total	2006 80%	2006 20%	2007 Open Total	2007 80%	2007 20%
"A"	Rail	1,126.0	900.8	225.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
"A"	Water (1)	240.0	240.0	-	-		-			-
"D"	Rail 86%	1,061.0	848.8	212.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
"D"	Water 60	460.0				520.0	130.0	2,300.0	1,840.0	460.0
		2,887.0								

(1) RFP Results Central Coal

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PROGRESS FUELS CORPORATION

Potential Purchases From
2005-2007 RFP

Coal Type	Transportation Mode	2005 Open Total	2005 80%	2005 20%	2006 Open Total	2006 80%	2006 20%	2007 Open Total	2007 80%	2007 20%
"A"	Rail	1,126.0	900.8	225.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
"A"	Water (1)	240.0	240.0	-	-	-	-	-	-	-
"D"	Rail	1,061.0	848.8	212.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
"D"	Water	460.0	368.0	92.0	650.0	520.0	130.0	2,300.0	1,840.0	460.0
		2,887.0	2,357.6	529.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2

(1) RFP Results Central Coal

05/13/04 12:12 PM

Coal

as of March 31, 2004

	2Q04	3Q04	4Q04	2005	2006	2007	2008[4]	2009	2010	2011	2012	2013
PEC												
Projected Burn (Tons)												
Under Contract (Tons)												
Open (Tons)												
Target Inventory (Days)	-											
% Hedged Current				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% Hedge as of 1/1/05 (projected)												
Embedded Delivered Cost of Current Contracts ($/ton)												
Projected Delivered Cost of Potential Contracts ($/ton)												
Estimated Average Delivered Cost ($/ton)												
Budgeted Cost ($/ton)												
PEF												
Projected Burn (Tons)	1,625	1,785	1,522	6,737	6,778	6,506	6,528	6,860				
Under Contract (Tons)	1,625	1,785	1,512	3,850	3,450	-	-	-				
Open (Tons)	-	-	63	2,887	3,328	6,506	6,528	6,860				
Target Inventory (Days)	45	45	45	45	45	45	45	45				
% Hedged Current	100.00%	100.00%	99.34%	57.15%	50.90%	0.00%	0.00%	0.00%				
% Hedge as of 1/1/05 (projected)	100.00%	100.00%	100.00%	80.00%	80.00%	<50.00%						
Embedded Delivered Cost of Current Contracts ($/ton)	[redacted]											
Projected Delivered Cost of Potential Contracts ($/ton)												
Estimated Average Delivered Cost ($/ton)												
Budgeted Cost ($/ton)												
TOTAL												
Projected Burn (Tons)												
Under Contract (Tons)												
Open (Tons)												
% Hedged Current												

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PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0								
		Black Gold	120.0								
		Open	526.0			1,455.0			2,473.0		
			1,366.0	61.5%	38.5%	1,455.0	0.0%	100.0%	2,473.0	0.0%	100.0%
"D"	Rail	Massey	360.0								
		Progress	360.0								
		Open	101.0			1,223.0			1,733.0		
			821.0	87.7%	12.3%	1,223.0	0.0%	100.0%	1,733.0	0.0%	100.0%
"D"	Water	Massey	360.0								
		Central	300.0								
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
	Rail	Committed	1,560.0			-			-		
		Open	627.0			2,678.0			4,206.0		
			2,187.0	71.3%	28.7%	2,678.0	0.0%	100.0%	4,206.0	0.0%	100.0%
	Water	Committed	660.0			-					
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
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PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

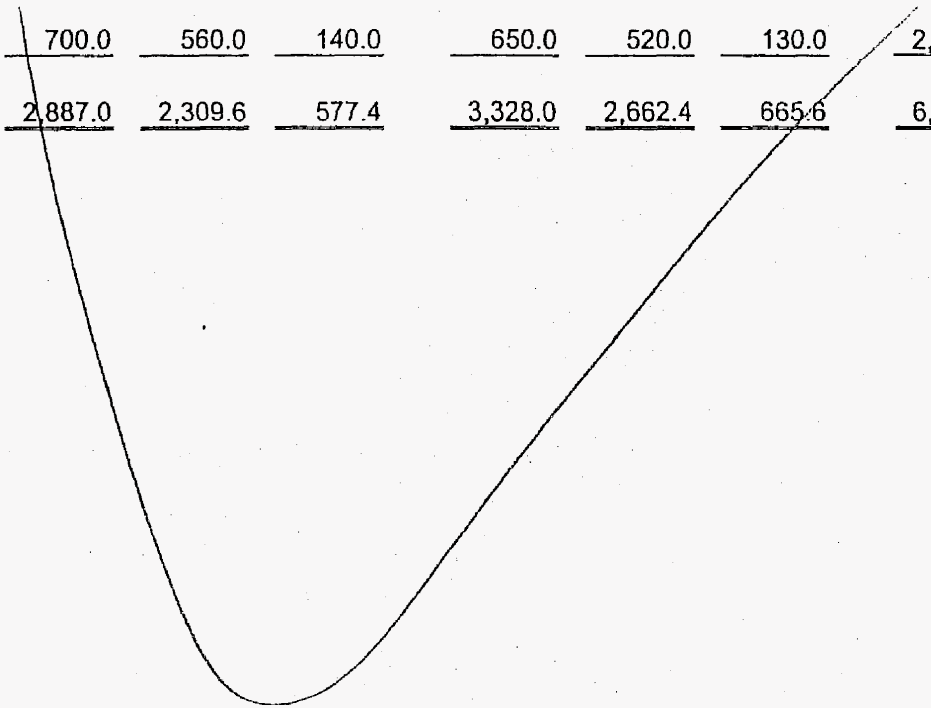
Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0								
		Black Gold	120.0								
		Open	526.0			1,455.0			2,473.0		
			1 366.0	61.5%	38.5%	1,455.0	0.0%	100.0%	2,473.0	0.0%	100.0%
"D"	Rail	Massey	360.0								
		Progress	360.0								
		Open	101.0			1,223.0			1,733.0		
			821.0	87.7%	12.3%	1,223.0	0.0%	100.0%	1,733.0	0.0%	100.0%
"D"	Water	Massey	360.0								
		Central	300.0								
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
	Rail	Committed	1,560.0			-			-		
		Open	627.0			2,678.0			4,206.0		
			2,187.0	71.3%	28.7%	2,678.0	0.0%	100.0%	4,206.0	0.0%	100.0%
	Water	Committed	660.0			-			-		
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	0.0%	100.0%	6,506.0	0.0%	100.0%
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PROGRESS FUELS CORPORATION

Potential Purchases

Coal Type	Transportation Mode	2005 Open Total	2005 80%	2005 20%	2006 Open Total	2006 80%	2006 20%	2007 Open Total	2007 80%	2007 20%
"A"	Rail	1,366.0	1,092.8	273.2	1,455.0	1,164.0	291.0	2,473.0	1,978.4	494.6
"D"	Rail	821.0	656.8	164.2	1,223.0	978.4	244.6	1,733.0	1,386.4	346.6
"D"	Water	700.0	560.0	140.0	650.0	520.0	130.0	2,300.0	1,840.0	460.0
		2,887.0	2,309.6	577.4	3,328.0	2,662.4	665.6	6,506.0	5,204.8	1,301.2



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PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0			-			-		
		Black Gold	120.0			240.0			-		
		Open	526.0			1,215.0			2,473.0		
			1,366.0	61.5%	38.5%	1,455.0	16.5%	83.5%	2,473.0	0.0%	100.0%
"D"	Rail	Massey	360.0			-			-		
		Progress	360.0			360.0			-		
		Open	101.0			863.0			1,733.0		
			821.0	87.7%	12.3%	1,223.0	29.4%	70.6%	1 733.0	0.0%	100.0%
"D"	Water	Massey	360.0			-			-		
		Central	300.0			300.0			-		
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	46.2%	53.8%	2 300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	27.0%	73.0%	6,506.0	0.0%	100.0%
	Rail	Committed	1,560.0			600.0			-		
		Open	627.0			2,078.0			4,206.0		
			2,187.0	71.3%	28.7%	2,678.0	22.4%	77.6%	4,206.0	0.0%	100.0%
	Water	Committed	660.0			-			-		
		Open	40.0			650.0			2,300.0		
			700.0	94.3%	5.7%	650.0	0.0%	100.0%	2,300.0	0.0%	100.0%
			2,887.0	76.9%	23.1%	3,328.0	18.0%	82.0%	6,506.0	0.0%	100.0%
05/17/04 4:28 PM			-			-			-		

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

May 2004

Solicitation

PURCHASES

(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
600	[redacted]	300	[redacted]	300	[redacted]			12.00%	0.74%	12,300	8.00%	31.00%	42	1.20			[redacted]				Buy	
540		360		180				13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A					Buy	18 month deal - 06' minimums
																					Buy	
540	[redacted]	360	[redacted]	180	[redacted]			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A					Buy	18 month deal - 06' minimums
720		360		360				12.00%	0.75%	12,500	8.00%	32.00%	43	1.20							Buy	
360	[redacted]	120	[redacted]	240	[redacted]			10.00%	1.34%	12,700	8.00%	31.00%	42	2.10		S					Buy	
1080		720		360				12.50%	1.27%	12,100	8.00%	31.00%	42	2.10		AS					Buy	18 month deal - 06' minimums
480		240		240				11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S					Buy	
4320		2460		1860												SO2 Price	[redacted]				Revised: 5/25/2004 11:36	

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS

ight ve ice	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications: Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	504		0		0		0	$0.00			5.64%	0.30%	8,800	26.70%	31.65%	51	0.68		BM						Incl ground storage- SO2 prem@0.8
	500		500		500		0	$0.00			4.00%	0.38%	9,350	22.36%	31.26%	61	0.80		BM						
	500		500		500		0	$0.00			5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						SO2 prem@0.8
	1000		0		0		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
	1000		1000		1000		0	$0.00			5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 prem@0.8
	1000		1000		1000		0	$0.00			5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
	300		300		300		0	$0.00			5.50%	0.27%	8,900	28.00%	30.00%	56	0.60		BMV						SO2 prem@0.8
	200		400		400		0	$0.00			5.00%	0.59%	9,963	13.22%	30.75%	61	1.18		BMV						Check vol on IB Coal
	50		500		500		500				12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						ground storage included
	0		0		1000		0	$0.00			5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	300		300		0		0	$0.00			12.00%	0.74%	12,300	8.00%	31.00%	42	1.20								
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
	600		0		0		0	$0.00			12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						18 month
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								SO2 guaranteed at 0.8
	200		0		0		0	$0.00			8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00			8.00%	0.75%	12,400	9.00%	35.00%	46	1.20		S						
	330		330		330		0	$0.00			7.00%	0.77%	12,800	8.00%	34.00%	45	1.20								
	200		250		250		0	$0.00			8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
	600		0		0		0	$0.00			12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						NS Move--
	720		0		0		0	$0.00			13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
	360		360		360		0	$0.00			12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	150		150		600		0	$0.00			10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price

Revised: 5/20/2004 11:25

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS by Rail/Water

ght	2005	2005	2006	2006	2007	2007	2008	2008	Transp.	Railcar	Purchase Specifications							Utilization	Unit 45 Derate	Cash	Cash	Evaluated Utilized	Evaluated Utilized	ACTION TAKEN	Notes
ce	Tons	Price	Tons	Price	Tons	Price	Tons	Price	Cost	Costs	Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Cost/st	Codes	Cost $/st	Cost $/M	Cost $/st	Cost $/M		
	504		0		0		0	$0.00		$0.00	5.64%	0.30%	8,800	26.70%	31.65%	51	0.68		BM						Incl ground storage- SO2 prem@0.8
	500		500		500		0	$0.00		$0.00	4.00%	0.38%	9,350	22.36%	31.26%	61	0.80		BM						
	500		500		500		0	$0.00		$0.00	5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		BMV						SO2 prem@0.8
	1000		0		0		0	$0.00		$0.00	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
	1000		1000		1000		0	$0.00		$0.00	5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		BM						SO2 prem@0.8
	1000		1000		1000		0	$0.00		$0.00	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		BM						SO2 prem@0.8
	300		300		300		0	$0.00		$0.00	5.50%	0.27%	8,900	28.00%	30.00%	56	0.60		BMV						SO2 prem@0.8
	200		400		400		0	$0.00		$0.00	5.00%	0.59%	9,963	13.22%	30.75%	61	1.18		BMV						Check vol on IB Coal
	50		500		500		500			$0.00	12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		S						ground storage included
	0		0		1000		0	$0.00		$0.00	5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		BM						
	300		300		0		0	$0.00		$0.00	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20								
	720		0		0		0	$0.00		$0.00	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
	600		0		0		0	$0.00		$0.00	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						18 month
	200		0		0		0	$0.00		$0.00	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00		$0.00	9.00%	0.69%	12,000	10.00%	34.00%	46	1.15								SO2 guaranteed at 0.8
	200		0		0		0	$0.00		$0.00	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		SM						
	150		0		0		0	$0.00		$0.00	8.00%	0.75%	12,400	9.00%	35.00%	46	1.20		S						
	330		330		330		0	$0.00		$0.00	7.00%	0.77%	12,800	8.00%	34.00%	45	1.20								
	200		250		250		0	$0.00		$0.00	8.00%	0.78%	13,000	8.00%	31.00%	45	1.20								
	720		0		0		0	$0.00		$2.00	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		A						18 month
	360		360		360		0	$0.00		$2.00	12.00%	0.75%	12,500	8.00%	32.00%	43	1.20								
	150		150		600		0	$0.00		$2.00	10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		H						06 & 07 reopener
	600		0		0		0	$0.00		$2.00	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		A						NS Move--NO FREIGHT Included

*estimated in red

CR 45 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	0.70%	12,000	8.00%	31.00%	40

SO2 Price

Revised: 5/20/2004 11:25

PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

Solicitation

ALL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	720		0		0		0	$0.00			12.50%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						New Ridge/Goff
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.27%	12,100	8.00%	30.00%	42	2.10		ASV						Bandmill
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	42	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						Note reopener 06 and 07
	240		240		0		0	$0.00			12.00%	0.99%	12,300	8.00%	32.00%	45	1.60		S						SO2 set to 1.6
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	240		240		240		0	$0.00			13.50%	1.28%	12,200	6.70%	30.00%	40	2.10		ASV						Sulfur Premium @ 1.6
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						

*estimated in red

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

SO2 Price

Revised: 5/20/2004 11:25

PROGRESS FUELS CORPORATION

CR 1 and 2

May 2004

Solicitation

RAIL BIDS

Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	2008 Price	Transp. Cost	Railcar Costs	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2	Utilization Cost/st	Unit 45 Derate Codes	Cash Cost $/st	Cash Cost $/M	Evaluated Utilized Cost $/st	Evaluated Utilized Cost $/M	ACTION TAKEN	Notes
	720		0		0		0	$0.00			12.50%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						New Ridge/Goff
	240		240		240		0	$0.00			11.50%	1.25%	12,500	7.00%	32.00%	42	2.00		S						
	250		250		0		0	$0.00			13.00%	1.31%	12,500	7.00%	29.00%	50	2.10		ASV						
	720		0		0		0	$0.00			12.50%	1.27%	12,100	8.00%	30.00%	42	2.10		ASV						Bandmill
	240		240		240		0	$0.00			12.00%	1.32%	12,500	8.00%	32.00%	42	2.10		S						
	120		240		240		0	$0.00			10.00%	1.34%	12,700	8.00%	31.00%	42	2.10		S						
	500		500		500		0	$0.00			13.00%	1.29%	12,300	8.00%	31.00%	45	2.10		AS						Note reopener 06 and 07
	240		240		0		0	$0.00			12.00%	0.99%	12,300	8.00%	32.00%	45	1.60		S						SO2 set to 1.6
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	360		360		360		0	$0.00			13.00%	1.00%	12,500	8.00%	30.00%	42	1.60		ASV						Snap Creek
	400		0		0		0	$0.00			9.20%	0.78%	11,600	12.30%	32.00%	45	1.34		SBM						
	240		240		240		0	$0.00			13.50%	1.28%	12,200	8.70%	30.00%	40	2.10		ASV						Sulfur Premium @ 1.6
	500		500		500		0	$0.00			13.00%	1.27%	12,100	8.00%	31.00%	42	2.10		AS						reopener 06 and 07
	240		0		0		0	$0.00			13.00%	1.26%	12,000	8.00%	31.00%	42	2.10		AS						

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

*estimated in red

SO2 Price	$288

Revised: 5/20/2004 11:25

COAL SOLICITATION—"A" COAL
CRYSTAL RIVER UNITS 1 & 2

RFP'S RELEASED 04/12/04

WORKPAPERS

COPIES

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation	BT10E	727/824-6692
Office	MAC	Phone No.

SUBJECT: 2005-2007 REQUEST FOR PROPOSALS (RFP), PURCHASE ACTIVITY AND CONTRACT RE-OPENERS (RE-OPENERS)

TO: Charlie Gates DATE: June 22, 2004

Since the beginning of the year, coal prices have continued to escalate to unprecedented levels. At the present time, there does not appear to be anything that will allow these prices to recede from their current levels. Most projections show a very strong coal market, at least through 2005 and probably well into 2006. Coal has been affected, like other fuels, by a worldwide mix of uncertainties, regulatory indecision, improving and in some cases "booming" (China) economies, transportation shortages and inefficiencies, and regional coal supply shortages. As discussed during each of our past meetings, we at Progress Fuels Corporation (PFC) are committed to continue to seek the most opportune times to enter the coal market to insure the competitiveness of the Crystal River plants. In addition to participating in the 2004 spot coal market, when we deemed it advantageous, PFC successfully renegotiated agreements with various suppliers in conjunction with their contract price re-opener provisions. Additionally, PFC has just completed evaluating and purchasing coal from the results of the 2005-2007 Request for Proposals (RFP).

Last year, we had eight contracts with price re-openers, five of which were for the Delta coal and three of which were for the Alpha coal. We successfully renegotiated six contracts (three Alpha and three Delta) and were unsuccessful with two Delta suppliers. A portion of the tonnage for the unsuccessful contracts was placed with other existing suppliers and the balance was secured in the 2004 spot market. More importantly, we negotiated renewed prices, tons, and two-year terms (2004 and 2005) with two suppliers; and in each case, we have re-openers for 2006. Our 2004 RFP purchases and the renegotiated contracts are currently at least $[redacted] below the current market.

Our challenge this year was to attempt timing the market for our 2005-2007 RFP and any other purchases that we deemed of value. Although the prices are dramatically higher than last year, we were able to time the market such that the purchases we made, based on the results of the RFP just one month ago, are [redacted] dollars below the current market; and in the case of the March Colombian purchase, it is at least [redacted] below the current market for that coal.

The remainder of this memo will address the results from the 2005-2007 RFP and the Drummond Colombian coal purchase noted above. The 2005-2007 RFP provided PFC a reasonable selection of potential suppliers. We received bids from 20 domestic and foreign suppliers who submitted 37 bids. Last year we received bids from 21 domestic and foreign suppliers, submitting approximately 75 bids. This year we were offered 33.0 million tons of which 13% were foreign offers and 87% were water, rail-eastern, and rail-western offers. Last year we were offered 42.0 million tons spread fairly evenly between the foreign and domestic suppliers.

Because of the strength of the current market, we only purchased for 2005 and 2006. Our plan is to watch the market, and re-enter for both spot and contract coal during late 2004 and early 2005. I have enclosed with this memo the purchases and the economic evaluation from the RFP (See Attachment "A"), a Supply Assessment for 2005 and 2006 (See Attachment "B"), and the 2005 and 2006 scheduled purchases including their economic evaluations (See Attachment "C").

As always, we attempted to improve the economics, as compared to the prices offered, while increasing the tonnage purchased and the term offered.

2005-2006 PURCHASES

FOREIGN WATER

Choice:

- During the latter part of March and early April, we began negotiations with Drummond for an extension of our 2004 agreement. This decision was made because all indicators pointed to the beginning of another round of price increases and supply shortages for both domestic and foreign coals. We purchased 800,000 tons for 2005 and 1 million tons for 2006 from Drummond's Mina Pribbenow mines; this is "Delta" coal. The delivered cost to Crystal River (CR) is [redacted]/MMBTU and [redacted]/MMBTU, respectively.

  No additional purchases were made for foreign coal from the RFP because the prices submitted from other foreign suppliers were not competitive. Their prices ranged from [redacted] to [redacted] $/MMBTU. These prices compared to [redacted] to [redacted] $/MMBTU, for offers from the domestic suppliers.

Explanation:

During 2004, we began shipments of Drummond's Colombian coal. The results economically, environmentally, and operationally have been excellent. This coal, besides being very low in ash and sulfur, reduces NO_x emissions by almost 25%. This purchase will assist CR in achieving their NO_x goals, while providing them with a competitively priced product.

DOMESTIC WATER

Choices:

- We purchased "Delta" coal from two suppliers for delivery on the river system. We were offered and purchased 300,000 tons per year for 2005 and 2006 from Central Coal Company. This "Delta" coal will ship via truck to the Kanawha River and will deliver into CR at [redacted] $/MMBTU. We also purchased 360,000 and 180,000 tons of "Delta" coal for 2005 and 2006 from Massey Energy. This coal will be rail-delivered to the Ohio River, and it will deliver into CR at [redacted] $/MMBTU.

Explanation:

- We have had previous experience with both of these suppliers and are very satisfied they will meet or exceed the specifications bid.

DOMESTIC RAIL

Choices:

- We purchased "Delta" coal from two companies and "Alpha" coal from three others. We have previous experience with three of the suppliers and have added two new companies.

  "DELTA COAL"

  We purchased 360,000 for 2005 and 180,000 tons for 2006 from Massey Energy. This coal will deliver into CR at [redacted] $/MMBTU. We also purchased 360,000 each year from Progress Fuels-Marketing and Trading. This product will deliver into CR at [redacted] $/MMBTU.

  "ALPHA COAL"

  We purchased 720,000 tons for 2005 and 360,000 for 2006 from Massey Energy. This coal will deliver into CR at [redacted] $/MMBTU. We purchased 120,000 tons for 2005 and 240,000 tons for 2006 from Sequoia Energy LLC. This coal will deliver into CR at [redacted] $/MMBTU. Also, we purchased 240,000 tons for each year (2005 and 2006) from B&W Resources. This coal will deliver into CR at [redacted] $/MMBTU.

Explanation:

- Massey Energy has been a consistently reliable supplier over the past 20 years. Progress Fuels-Marketing & Trading has very good quality coal and a reliable track record. Because of the shortage of coals in the Central Appalachian region, we felt it imperative to add to our base of suppliers. Both Sequoia Energy and B&W Resources will fulfill this need. Prior to contracting with them we had our field representative visit their mining operations, and we called other utility buyers to verify their performance. No problems were noted in either case.

2004 RE-OPENERS

We have only one contract with a re-opener during 2004. Consol Energy (Consol) has a price, quantity, and terms re-opener, which needs to be completed by November 1, 2004. We have already had several discussions with Consol regarding tonnage for next year. Current estimates are that they will have 750,000 to 1 million tons to offer. The current contract is for 1 million tons.

SUMMARY OF 2005 and 2006 PURCHASES

We anticipate a burn of 2.3 million tons for Crystal River Units 1 and 2 for both 2005 and 2006 and 4.3 and 4.4 million tons for Crystal River Units 4 and 5 for 2005 and 2006, respectively. The total burn is estimated at 6.6 million tons for 2005 and 6.7 million tons for 2006.

Our CR 1 & 2 open position for 2005 is approximately 330,000 tons, while it is 1.9 million tons for 2006; and it will be delivered 100 percent via rail.

Regarding Crystal River Units 4 and 5, our open position for 2005 is approximately 230,000 tons and approximately 920,000 tons for 2006. We will deliver 2.3 million tons via barge each year and 2.0-2.1 million tons by rail.

We will continue to fulfill the open positions from the spot and contract markets.

I would like to schedule a meeting with you at your earliest convenience to discuss the details of this report and answer any questions you may have.

A. W. Pitcher

AWP/ro

Attachments

cc/att: Rufus Jackson
Kyle Crake

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

++++++++ *CORRECTED COPY* ++++++++

Supplier	Coal Type	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cas Cost
Water															
Drummond / Interocean	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[redacted]
Central Coal Co.	D (CR4&5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]
Massey	D (CR4&5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Rail															
Massey	D (CR4&5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Progress Fuels	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]
Sequoia Energy LLC	A (CR1&2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]
B&W Resources	A (CR1&2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]
			Total Tons	4320	2460	1860								SO2	

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES from

2005-2006

RFP

Supplier	Coal Type	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cas Cost
Water															
Drummond / Interocean	D (CR4&5)	1/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]
Central Coal Co.	D (CR4&5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]
Massey	D (CR4&5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Rail															
Massey	D (CR4&5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Progress Fuels	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]
CAM-KY	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]
Sequoia Energy LLC	A (CR1&2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]
B&W Resources	A (CR1&2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]
			Total Tons	5040	2820	2220								SO2	[redacted]

SUPPLY ASSESSMENT
"ALPHA" RAIL

Corrected

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900.000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	840,000	
Total Existing & New	1,980,000	840,000	
Total Open Position	**329,000**	**1,417,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	840,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,417,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	37.2%	
% Total contract to delivery	85.8%	37.2%	
% Potential spot or additional contract to requirement	14.2%	62.8%	

Notes:
(1) **BOLD** denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn projections

SUPPLY ASSESSMENT
"ALPHA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	2,309,000	2,257,000	
Existing contracts:			
Consol Energy	750,000	0	(2)
Massey Energy	150,000	0	
CAM-Kentucky LLC	0	0	
Total Existing Contracts	900,000	0	
Open Position	**1,409,000**	**2,257,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	720,000	360,000	
Sequoia Energy LLC	120,000	240,000	
B&W Resources	240,000	240,000	
Total New Contracts	1,080,000	360,000	
Total Existing & New	1,980,000	360,000	
Total Open Position	**329,000**	**1,897,000**	(1)
Potential Add'l Suppliers:			
Massey Energy	0	0	
Central Coal	0	0	
Sequoia Energy LLC	0	0	
B&W Resources	0	0	
CAM Kentucky LLC	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,980,000	360,000	
Potential Spot or Additional Contract Purchases:	**329,000**	**1,897,000**	
Allocation:			
% Existing contracts to delivery	39.0%	0.0%	
% New contracts to delivery	46.8%	16.0%	
% Total contract to delivery	85.8%	16.0%	
% Potential spot or additional contract to requirement	14.2%	84.0%	

Notes:
(1) **BOLD** denotes open position.
(2) These contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn projections

SUPPLY ASSESSMENT
"DELTA" RAIL

	2005	2006	Notes
PROJECTED REQUIREMENTS**	4,311,000	4,390,000	
Minus Water Delivered Coal	2,300,000	2,300,000	
Equals Net Rail "D" Deliveries	2,011,000	2,090,000	
Existing contracts:			
CAM-Kentucky LLC	500,000	200,000	
Alliance Coal LLC	600,000	600,000	
Total Existing Contracts	1,100,000	800,000	
Open Position	**911,000**	**1,290,000**	(1)
New Contract Suppliers:			(2)
Massey Energy	360,000	180,000	
Progress Fuels Marketing & Trading	360,000	360,000	
Total New Contracts	720,000	540,000	
Total Existing & New	1,820,000	1,340,000	
Total Open Position	**191,000**	**750,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
A.T. Massey	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	1,820,000	1,340,000	
Potential Spot or Additional Contract Purchases:	**191,000**	**750,000**	
Allocation:			
% Existing contracts to delivery	54.7%	38.3%	
% New contracts to delivery	35.8%	25.8%	
% Total contract to delivery	90.5%	64.1%	
% Potential spot or additional contract to requirement	9.5%	35.9%	

Notes:
(1) BOLD denotes open position.
(2) Purchases based upon the 2005 RFP results and various other purchases.

**Based upon burn requirements

SUPPLY ASSESSMENT
"DELTA" WATER

	2005	2006	Notes
PROJECTED WATER DELIVERY	2,300,000	2,300,000	
Existing contracts:			
Guasare #1 (Venezuelan)	150,000	0	
Guasare #2 (Venezuelan)	650,000	650,000	(2)
Drummond (Colombian)	800,000	1,000,000	
Total Existing Contracts	1,600,000	1,650,000	
Open Position	**700,000**	**650,000**	(1)
New Contract Suppliers:			(3)
Massey Energy	360,000	180,000	
Central Coal	300,000	300,000	
Total New Contracts	660,000	480,000	
Total Existing & New	2,260,000	2,130,000	
Total Open Position	**40,000**	**170,000**	
Potential Add'l Suppliers:			
Asset Mgmt Group	0	0	
Central Coal	0	0	
Keystone	0	0	
A.T. Massey	0	0	
Peabody PRB coal	0	0	
2004 Carry over	0	0	
Total Potential Suppliers	0	0	
Total New and Potential	2,260,000	2,130,000	
Potential Spot or Additional Contract Purchases:	**40,000**	**170,000**	
Allocation:			
% Existing contracts to delivery	69.6%	71.7%	
% New contracts to delivery	28.7%	20.9%	
% Total contract to delivery	98.3%	92.6%	
% Potential spot or additional contract to requirement	1.7%	7.4%	

Notes:
(1) **BOLD** denotes open position.
(2) The Guasare contract has a price reopener for 2006.
(3) Purchases based upon the 2005 RFP results and various other purchases.

PROGRESS FUELS CORPORATION

CR Units 4 and 5

May 2004

Solicitation

ALL BIDS

Supplier	Term	Origin	(000) Total Tons	Weight Avg Price	2005 Tons	2005 Price	2006 Tons	2006 Price	2007 Tons	2007 Price	2008 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Max SO2	Cash Cost $/st	Cash Cost $/M
Western Coals																				
DTE	2005	PRB/Cora	504		504		0		0		0	5.64%	0.30%	8,800	26.70%	31.65%	51	0.68		
Kennecott	05-07	Barge Cahokia	1500		500		500		500		0	4.00%	0.38%	9,350	22.36%	31.26%	61	0.80		
Arch	1/05-12/07	Thunder Basin	1500		500		500		500		0	5.50%	0.30%	8,800	28.00%	30.78%	50	0.68		
Triton	05	PRB N. Rochelle	1000		1000		0		0		0	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		
Triton	05-07	PRB-Buckskin	3000		1000		1000		1000		0	5.50%	0.34%	8,400	30.00%	31.00%	65	0.80		
Triton	05-07	PRB N. Rochelle	3000		1000		1000		1000		0	5.20%	0.35%	8,800	28.50%	31.50%	63	0.80		
Peabody	05-07	Antelope	900		300		300		300		0	5.50%	0.27%	8,900	28.00%	30.00%	56	0.60		
Kennecott	05-07	Barge Cahokia	1000		200		400		400		0	5.00%	0.59%	9,963	13.22%	30.75%	61	1.18		
Oxbow	05-08	Colorado	1550		50		500		500		500	12.00%	0.72%	11,900	9.00%	31.00%	50	1.20		
		Total Western	13954		5054		4200		4200		500									
Central App Coals																				
Massey	05	NS-Sydney	600		600		0		0		0	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		
Central	1/05-12/06	Winifred Dock	600		300		300		0		0	12.00%	0.74%	12,300	8.00%	31.00%	42	1.20		
Massey	05	Bandmill	720		720		0		0		0	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		
Progress	05-07	Diamond May	1080		360		360		360		0	12.00%	0.75%	12,500	8.00%	32.00%	43	1.20		
Massey	05	FOB Ceredo	720		720		0		0		0	13.00%	0.73%	12,100	8.00%	31.00%	42	1.20		
Massey	05	Sydney-Ceredo	600		600		0		0		0	12.50%	0.74%	12,300	8.00%	31.00%	42	1.20		
Alliance	05-07	MC Mining	900		150		150		600		0	10.00%	0.74%	12,300	9.00%	32.00%	39	1.20		
		Total Cent App	5220		3450		810		960		0									
Foreign Coals																				
Interocean	07	Colombia-Mobile	1000		0		0		1000		0	5.50%	0.70%	11,700	14.00%	31.00%	43	1.20		
CMC	05	Colombia-Mobile	200		200		0		0		0	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		
Glencore	2005	Colombia-IMT	150		150		0		0		0	9.00%	0.69%	12,000	10.00%	34.00%	46	1.15		
CMC	05	Colombia-ECT	200		200		0		0		0	8.30%	0.71%	11,800	12.00%	33.00%	45	1.20		
Glencore	2005	Colombia-IMT	150		150		0		0		0	8.00%	0.75%	12,400	9.00%	35.00%	46	1.20		
Guasare	05-07	Pasa Diablo - IMT	990		330		330		330		0	7.00%	0.77%	12,800	8.00%	34.00%	45	1.20		
Guasare	05-07	Mina Norte-IMT	700		200		250		250		0	8.00%	0.78%	13,000	8.00%	31.00%	45	1.20		
		Total Foreign	3390		1230		580		1580		0									
												Ash	Sulfur	Btu	Moisture	Vol	HGI			
		Total Tons	22564		9734		5590		6740		500	10.00%	0.70%	12,000	8.00%	31.00%	40	SO2 $		

PROGRESS FUELS CORPORATION

CR 1 and 2
May 2004
Solicitation
ALL BIDS

Supplier	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	2007 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	SO2
Massey	05	CSX BS	720	720	0	0	12.50%	1.27%	12,100	8.00%	31.00%	42	2.10
B&W Resources	05-07	CSX Jellico	720	240	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	2.00
Marshall	05-06	CSX Clinchfield	500	250	250	0	13.00%	1.31%	12,500	7.00%	29.00%	50	2.10
Massey	05	CSX Kan	720	720	0	0	12.50%	1.27%	12,100	8.00%	30.00%	42	2.10
Central App	05-07	CSX BS	720	240	240	240	12.00%	1.32%	12,500	8.00%	32.00%	42	2.10
Black Gold	05-07	CSX Harlan	600	120	240	240	10.00%	1.34%	12,700	8.00%	31.00%		2.10
Horizon	05-07	CSX-Evergreen	1500	500	500	500	13.00%	1.29%	12,300	8.00%			2.10
Central Coal Co	05-06	CSX-Kan	480	240	240	0	12.00%	0.99%	12,300	8.00%			1.60
CMC	05	Colombia-Mobile	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34
Logan&Kanawha	05-07	CSX Kan	1080	360	360	360	13.00%	1.00%	12,500	8.00%	30.00%	42	1.60
CMC	05	Colombia-ECT	400	400	0	0	9.20%	0.78%	11,600	12.30%	32.00%	45	1.34
Peabody	05-07	CSX Kan	720	240	240	240	13.50%	1.28%	12,200	6.70%	30.00%	40	2.10
Horizon	05-07	CSX Haz- Typo	1500	500	500	500	13.00%	1.27%	12,100	8.00%	31.00%	42	2.10
Smokey Mtn	05	CSX Kan	240	240	0	0	13.00%	1.26%	12,000	8.00%	31.00%	42	2.10

Total Tons	10300

CR 12 Economics Base Specifications					
Ash	Sulfur	Btu	Moisture	Vol	HGI
10.00%	1.05%	12,000	8.00%	34.00%	40

PROGRESS FUELS CORPORATION

CR Units 1,2, 4 and 5

PURCHASES

2005-2006

Supplier	Coal Type	Term	Origin	(000) Total Tons	2005 Tons	2006 Tons	Purchase Specifications Ash	Sulfur	Btu	Moisture	Vol	HGI	Min SO2	Max SO2	Cas Cost
Water															
Guasare (1)	D (CR4&5)	1/04-12/05	Pasa Diablo - IMT	650	650	0	7.00%	0.77%	12,800	8.00%	34.00%	45		1.20	[redacted]
Guasare	D (CR4&5)	1/04-12/05	Mina Norte-IMT	150	150	0	8.00%	0.78%	13,000	8.00%	31.00%	45		1.20	[redacted]
Drummond / Interocean	D (CR4&5)	1/05-12/06	FOB Mobile	1800	800	1000	5.50%	0.70%	11,700	14.00%	32.00%	43		1.20	[redacted]
Central Coal Co.	D (CR4&5)	1/05-12/06	Winifred Dock	600	300	300	12.00%	0.74%	12,300	8.00%	31.00%	42		1.20	[redacted]
Massey	D (CR4&5)	1/05-6/06	FOB Ceredo	540	360	180	13.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Rail															
CAM	D (CR4&5)	1/04-12/06	CSX BS	700	500	200	11.00%	0.75%	12,500	8.00%	31.00%	42		1.20	[redacted]
Alliance	D (CR4&5)	1/02-12/06	MC Mining	600	600	0	10.00%	0.74%	12,300	9.00%	32.00%	39		1.20	[redacted]
Massey	D (CR4&5)	1/05-6/06	Bandmill	540	360	180	12.00%	0.73%	12,100	8.00%	31.00%	42		1.20	[redacted]
Progress Fuels	D (CR4&5)	1/05-12/06	Diamond May	720	360	360	12.00%	0.75%	12,500	8.00%	32.00%	43		1.20	[redacted]
Massey	A (CR1&2)	ends 3/05	CSX BS	150	150	0	12.00%	1.31%	12,500	7.00%	33.00%	45	1.50	2.10	[redacted]
Sequoia Energy LLC	A (CR1&2)	1/05-12/06	CSX Harlan	360	120	240	10.00%	1.34%	12,700	8.00%	31.00%	42	1.50	2.10	[redacted]
Massey	A (CR1&2)	1/05-6/06	CSX BS	1080	720	360	12.00%	1.27%	12,100	8.00%	31.00%	42	1.50	2.10	[redacted]
B&W Resources	A (CR1&2)	1/05-12/06	CSX Jellico	480	240	240	11.50%	1.25%	12,500	7.00%	32.00%	42	1.50	2.00	[redacted]
Consol (2)	A (CR1&2)	1/05-12/05	CSX BS	750	750	0	10.00%	1.35%	12,800	8.00%	32.00%	42	1.50	2.10	[redacted]
Black - New Contract			Total Tons	9120	6060	3060								SO2	[redacted]

Copper - Previous Contract

(1) Gusare has reopener for 2006

(2)Consol Reopener Pricing is estimated

CONFIDENTIAL

	2005	2006	Total
1.2# SO_2	1380	1020	2400 53
1.5-2.1 # SO_2	1080	840	1920 45
	2460	1860	4320

PROGRESS FUELS CORPORATION

Potential Purchases from 2005 - 2007 RFP

Coal Type	Coal Type/Mode	Supplier	2005 Open Total	2005 Percentage Closed	2005 Percentage Open	2006 Open Total	2006 Percentage Closed	2006 Percentage Open	2007 Open Total	2007 Percentage Closed	2007 Percentage Open
"A"	Rail	Massey	720.0			360.0					
		Black Gold	120.0			240.0					
		B & W	240.0			240.0					
		Open	1,079.0			1,417.0			2,381.0		
			2,159.0	50.0%	50.0%	2,257.0	37.2%	62.8%	2,381.0	0.0%	100.0%
"D"	Rail	Massey	360.0			180.0					
		Progress	360.0			360.0					
		Open	191.0			750.0			1,808.0		
			911.0	79.0%	21.0%	1,290.0	41.9%	58.1%	1,808.0	0.0%	100.0%
"D"	Water	Massey	360.0			180.0					
		Central	300.0			300.0					
		Open	40.0			170.0			2,300.0		
			700.0	94.3%	5.7%	650.0	73.8%	26.2%	2,300.0	0.0%	100.0%
			3,770.0	65.3%	34.7%	4,197.0	44.3%	55.7%	6,489.0	0.0%	100.0%
	Rail	Committed	1,800.0			1,380.0					
		Open	1,270.0			2,167.0			4,189.0		
			3,070.0	58.6%	41.4%	3,547.0	38.9%	61.1%	4,189.0	0.0%	100.0%
	Water	Committed	660.0			480.0					
		Open	40.0			170.0			2,300.0		
			700.0	94.3%	5.7%	650.0	73.8%	26.2%	2,300.0	0.0%	100.0%
			3,770.0	65.3%	34.7%	4,197.0	44.3%	55.7%	6,489.0	0.0%	100.0%

05/19/04 3:53 PM

SUPPLY ASSESSMENT

"D" RAIL

	2004	2005	2006	2007
PROJECTED REQUIREMENT **	4,147,000	4,311,000	4,390,000	4,108,000
Minus Water Delivered Coal	2,300,000	2,300,000	2,300,000	2,300,000
Equals Net Rail "D" Delivered Coal	1,847,000	2,011,000	2,090,000	1,808,000
Existing contracts:				
Massey	247,000	0	0	0
Amvest-**NOT RENEWED**	0	0	0	0
AEP/Quaker	500,000	500,000	200,000	0
Alliance	504,000	600,000	600,000	0
Dominion/Va. Power	120,000	0	0	0
Total Existing Contracts	1,371,000	1,100,000	800,000	0
Total Open Position:	**476,000**	**911,000**	**1,290,000**	**1,808,000**
Potential Add'l Suppliers:				
Alliance	20,000	0	0	0
Asset Mgmt Group	270,000	0	0	0
Massey	0	360,000	180000	0
Progress Fuels Corp.	130,000	360,000	360,000	0
2003 Carry over	38,000	0	0	0
Total Potential Suppliers	458,000	720,000	540,000	0
Total Existing & Potential	1.829.000	1.820.000	1.340.000	0
Potential Spot or Additional Contract Purchases:	**18,000**	**191,000**	**750,000**	**1,808,000**
Allocation:				
% Existing Contract to burn:	74.2%	54.7%	38.3%	0.0%
% Potential contract to burn	**24.8%**	35.8%	25.8%	0.0%
% Total contract to burn	99.0%	90.5%	64.1%	0.0%
% Potential spot to burn	1.0%	9.5%	35.9%	100.0%

Notes:

(1) **BOLD** denotes open position.

(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.

(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations.

** Based on increasing inventory to 40 days, not burn, for 2004.
Rest of requirements based on burn.

5/19/04 3:30 PM

SUPPLY ASSESSMENT
"D" WATER

	2004	2005	2006	2007
Water Delivery	2,300,000	2,300,000	2,300,000	2,300,000
Existing contracts:				
Massey-Contract Terminated	0	0	0	0
Total Existing Contracts	0	0	0	0
Total Open Position	**2,300,000**	**2,300,000**	**2,300,000**	**2,300,000**
New Contract Suppliers:				
Guasare #1	210,000	150,000	0	0
Guasare #2	620,000	650,000	650,000	0
Progress Fuels				
(New Supply; Replaces Massey)	600,000	0	0	0
Drummond	315,000	800,000	1,000,000	0
Total New Contracts	1,745,000	1,600,000	1,650,000	0
Total Existing & New	1,745,000	1,600,000	1,650,000	0
Total Open Position	**555,000**	**700,000**	**650,000**	**2,300,000**
Potential Add'l Suppliers:				
Asset Mgmt Group	45,000	0	0	0
Central Coal	290,000	300,000	300,000	0
Keystone	100,000	0	0	0
A.T. Massey	0	360,000	180,000	0
Peabody PRB coal	30,000	0	0	0
2003 Carry over	69,000	0	0	0
Total Potential Suppliers	534,000	660,000	480,000	0
Total New and Potential	2,279,000	2,260,000	2,130,000	0
Potential Spot or Additional Contract Purchases:	**21,000**	**40,000**	**170,000**	**2,300,000**
Allocation:				
% Existing contract to delivery	75.9%	69.6%	71.7%	0.0%
% Potential contract to delivery	23.2%	28.7%	20.9%	0.0%
% Total contract to delivery	99.1%	98.3%	92.6%	0.0%
% Potential spot or additional contract to requirement	0.9%	1.7%	7.4%	100.0%

Notes:

(1) **BOLD** denotes open position.

(2) Purchase strategy is to maintain, if possible, a 70/30 split between contract and spot.

(3) Purchases based upon the 2004 RFP results and various contract reopener negotiations

5/19/04 3:30 PM

SUPPLY ASSESSMENT

"A" RAIL

	2004	2005	2006	2007
PROJECTED REQUIREMENT **	2,222,000	2,309,000	2,257,000	2,381,000
Existing contracts:				
Consol	1,080,000	0	0	0
Massey	692,000	150,000	0	0
AEP/Quaker	492,000	0	0	0
Total Existing Contracts	2,264,000	150,000	0	0
Total Open Position:	**-42,000**	**2,159,000**	**2,257,000**	**2,381,000**
Potential Add'l Suppliers:				
2003 Carry over	31,000	0	0	0
Black Gold	0	120,000	240,000	0
B & W		240,000	240,000	
Massey	0	720,000	0	0
Total Potential Suppliers	31,000	1,080,000	480,000	0
Total Commitments/Potential	2,295,000	1,230,000	480,000	0
Potential Spot or Additional Contract Purchases	**-73,000**	**1,079,000**	**1,777,000**	**2,381,000**
Allocation:				
% Existing Contract to burn:	101.9%	6.5%	0.0%	0.0%
% Potential contract to burn	1.4%	46.8%	21.3%	0.0%
% Total contract to burn	103.3%	53.3%	21.3%	0.0%
% Potential spot to burn	-3.3%	46.7%	78.7%	100.0%

Notes:
(1) **BOLD** denotes open position.
(2) Purchase strategy is to maintain, if possible, approximately a 70/30 split between contract and spot.
(3) Purchases based upon the 2004 RFP results and various contract reopener negociations.

** Based on burn requirement

5/19/04 3:30 PM

Pitcher, Al (PFC)

From: **Crake, Kyle** on behalf of Crake, Kyle (Energy)
Sent: **Thursday,** May 20, 2004 7:52 AM
To: Pitcher, Al (PFC)
Subject: RE: Memo to Kyle

Approved

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Tuesday, May 18, 2004 8:27 AM
To: Crake, Kyle
Subject: FW: Memo to Kyle

As requested.

Al Pitcher

-----Original Message-----
From: Ott, Robin (PFC)
Sent: Tuesday, May 18, 2004 8:19 AM
To: Pitcher, Al (PFC)
Subject: Memo to Kyle

Robin Ott
Progress Fuels Corporation
One Progress Plaza, BT10C
200 Central Avenue
St. Petersburg, FL 33701
Phone No. 727-824-6670
Fax No. 727-824-6601
E-mail Address: robin.ott@progressfuels.com

PROGRESS FUELS Corporation

INTER-OFFICE CORRESPONDENCE

Fuel Transportation Office | BT10E MAC | 727/824-6692 Phone No.

Approved to Purchase

SUBJECT: COAL PURCHASE AUTHORIZATION

TO: Kyle Crake

DATE: May 17, 2004

We have evaluated the bids received in response to our April 12, 2004, Request for Proposals. Preliminary discussions have been conducted with several suppliers. Based upon these discussions, I request permission to purchase the following coals.

Crystal River Units 1 & 2

	Year 2005	Year 2006
Sequoia Energy LLC/Black Gold, LLC		
Tons	120,000	240,000
$/Ton of Coal	[redacted]	[redacted]
¢/MMBtu Delivered		
Massey		
Tons	720,000	N/A
$/Ton	[redacted]	N/A
¢/MMBtu Delivered		N/A

Crystal River Units 4 & 5

Rail Coals	Year 2005	Year 2006
Massey Utility Sales Company		
Tons	720,000	N/A
$/Ton of Coal	[redacted]	N/A
¢/MMBtu Delivered		N/A
Progress Fuels		
Tons	360,000	360,000
$/Ton	[redacted]	[redacted]
¢/MMBtu Delivered		
Water Coals		
Central Coal Company		
Tons	300,000	300,000
$/Ton of Coal	[redacted]	[redacted]
¢/MMBtu Delivered		

Additional coals will be required and on-going information gathering is taking place. Prior to other coals being purchased, I will submit a formal request.

A. W. Pitcher

AWP/ro

Pitcher, Al (PFC)

From: Crake, Kyle on behalf of Crake, Kyle (Energy)
Sent: Thursday, May 20, 2004 7:52 AM
To: Pitcher, Al (PFC)
Subject: RE: Coal Purchases

Approved

-----Original Message-----
From: Pitcher, Al (PFC) [mailto:APitcher@progressfuels.com]
Sent: Wednesday, May 19, 2004 2:52 PM
To: Crake, Kyle
Subject: Coal Purchases

Based upon an economic evaluation, discussions with the supplier, and a visit to their mine, I request permission to purchase the following coal.

Crystal River Units 1 & 2

	Year 2005	Year 2006
B&W Resources, Inc		
Tons	240,000	240,000
$/Ton of Coal	[redacted]	[redacted]
¢/MMBtu Delivered	[redacted]	[redacted]

We are currently evaluating other suppliers, and will contact you for permission to make additional purchases. I hope to complete our purchase activity by Friday. All of the purchases made thus far are subject to the successful negotiation of all contract terms and conditions.

A prompt reply, at your earliest convenience, would be greatly appreciated.

Al Pitcher

Solar Sources

Coal for the Steam and Industrial Market

Solar Sources

Corporate Office:
Solar Sources, Inc.
6755 South Gray Road
Indianapolis, Indiana 46237
Tel. 317 788-0084 • Fax 317 787-0592

Mailing Address:
P.O. Box 47068
Indianapolis, Indiana 46247-0068

May 11, 2004

Mr. A.W. Pitcher
Vice President-Coal Procurement
Progress Energy
200 Central Avenue
St. Petersburg, FL 33701

Re: Non-Compliance Coal RFP
Bid Deadline: May 12, 2004
Crystal River Units Nos. 1 and 2

Dear Mr. Pitcher:

Solar Sources, Inc. would like to thank you for the opportunity to bid on your recent coal solicitation.

Solar Sources does not have available coal in order to submit a bid on this proposal at this time. We do, however, wish to remain on your bid list for future requests for proposal.

Yours truly,

FRED A. BOWMAN
Vice President, Sales

FAB/jb

Surface Operating Office:
Solar Sources, Inc.
625 North Ninth Street • P.O. Box 7
Petersburg, Indiana 47567
Tel. 812 354-8776 • Fax 812 354-6690

Solar Sources Underground, LLC:
5337 South Hart Street Road • Vincennes, Indiana 47591
Tel. 812 743-2015 • Fax 812 743-2108
Mailing Address:
P.O. Box 325 • Monroe City, Indiana 47557-0325

Progress Energy

April 12, 2004

NON-COMPLIANCE COAL RFP
BID DEADLINE: MAY 12, 2004
TIME: 5PM EDT

Potential Supplier:

To place a portion of our requirements under contract for Progress Energy's *Crystal River Units Nos. 1 and 2*, Progress Fuels Corporation (PFC) is considering entering into a new coal supply agreement(s) beginning January 1, 2005. Accordingly, we prefer that you quote a minimum of 150,000 tons annually to be delivered in generally ratable monthly amounts during the following periods; however, lesser quantities will be considered (please quote each offer separately):

1. January 1, 2005 through December 31, 2005
2. January 1, 2005 through December 31, 2006
3. January 1, 2005 through December 31, 2007

The quality of all coals submitted should conform to the specifications listed on the attached bid form. ***Coals not meeting a 2.1 LB Sulfur Dioxide maximum standard will not be considered.***

PFC prefers a price quote effective on the start date, which will be fixed for the first twelve months. For terms longer than twelve months, PFC will consider fixed and firm, adjusted and/or reopener(s) if term is three years. ***All prices should be quoted either f.o.b. mine loading point for rail delivery and f.o.b. barge loading point for water delivery.*** Your proposal for this business must be submitted in writing by *5 PM EDT on* May 12, 2004, and should be valid and binding for a minimum of thirty (30) days from that date. PFC encourages offers that provide added value, including, but not limited to:

1. **Annual tonnage flexibility (**expressed as a percentage),
2. **Unilateral extension option(s)** for PFC,
3. **Coals with a lower SO_2 than** 2.1#, but greater than 1.5#,
4. Innovative pricing proposals.

In evaluating the submitted proposals, PFC will consider all relevant factors including an "as burned" bus bar analysis. However, the delivered cost per million Btu has been and will continue to be the factor with the strongest overall impact to the evaluation process. PFC encourages suppliers to quote their coals at the highest quality rating they feel they can comfortably maintain. All cost calculations will be based on guaranteed values rather than typical values expected. ***Guaranteed values are expected to be met on a per shipment basis.*** Negotiations of the remaining terms and conditions will be conducted with those suppliers making a "short list" based on delivered economics.

Due to our ability to deliver coal to Crystal River by both rail and ocean barge, PFC will consider both rail and water origins of the submitted product. Those suppliers planning to ship by barge should indicate any dock preferences. (This would also apply to western USA coal suppliers.) Those suppliers planning to ship CSX rail direct must be capable of shipping 24 hours per day, 7 days per week, in 90-

Progress Fuels Corporation
200 Central Avenue
St. Petersburg, FL 33701

car unit train lots (PFC-owned or leased rapid discharge cars) and they must specify loading time requirements and CSX rail district origin. *Please do not attempt to secure domestic rail/barge rates as these are to be negotiated by PFC.*

Draft and narrow channel restrictions at the power plant receiving facility will not accommodate large deep-draft vessels. Therefore, foreign origin coals will require delivery through a New Orleans or Mobile area import terminal. Foreign origin coals should be quoted on a "CIF" basis in "Self-Discharging" vessels. Belted type vessels are preferred.

Proposals must be submitted by the date and time specified above in a sealed envelope clearly marked *"Term Contract Non-Compliance Coal Quotation"* addressed to Mrs. Robin Ott at the address indicated on the attached bid form. **Note that bids submitted directly to me via e-mail or fax will not be considered. Proposals must include a completed copy of the attached bid form** (for multiple proposals, please copy the attached form and submit a separate form for each proposal) complete with *current and projected typical ash mineral analysis including minimum and maximum Na_2O (sodium oxide), typical ultimate analysis including maximum nitrogen and chlorine, sulfur forms, all reducing ash fusion points (average and minimum temperatures), and trace elements.* In some cases, where suppliers are quoting a blend of various seams of coal, the above requested quality data *must be provided for the blended product as well as the individual seams for all coals you would expect to ship on this business.* **Any extraneous information not included on the provided bid form will not be considered.**

Weighing and sampling and analysis will be done at the mine facility, loading dock or the power plant by a mutually agreeable independent testing company.

PFC reserves the right to waive informal technicalities or irregularities and reject any and all proposals for any reason PFC deems appropriate under the circumstances. PFC does not represent that it will accept the lowest bid or any other bid. In no event shall PFC be considered to have accepted any offer except and unless in an express written acceptance or contract signed by an officer of PFC.

Thank you for your attention to this *Request for Proposals*. If you have any questions or require further information regarding this invitation to quote, please contact me at 727/824-6692.

Sincerely,

A. W. Pitcher
Vice President—Coal Procurement

AWP/ro

Attachment

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME:

STREET ADDRESS:

CONTACT: | TELEPHONE NO.

MINE(S): | BOM DISTRICT: | COUNTY: | STATE:

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other_____ | R/R TIPPLE DESIGNATION/NUMBER:

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____DOCK LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS

PRODUCTION PER MONTH---MEETING OUR COAL SPECIFICATIONS: _____ TONS

TYPE OF MINE: _____% DEEP _____% STRIP _____% AUGER

SEAMS: | BLEND RATIOS:

COAL PREPARATION: _____ RAW _____ WASHED _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING:

TYPE OF LABOR CONTRACT(S): | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: | SCALE CERTIFIED? ____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four):

SIGNATURE: | TITLE: | DATE:

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %		[4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			2.1 LB/MAX.[1]
BTU/LB		[4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.
VOLATILE %		[4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]
SIZE			2" X 0"
FINES (-1/4" X 0")			45% MAX.[4]
FIXED CARBON %			
HYDROGEN %			
NITROGEN %			
CHLORINE %			
OXYGEN %			

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %		[4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			2.1 LB/MAX.[1]
BTU/LB		[4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.
VOLATILE %		[4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]
SIZE			2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]
FIXED CARBON %			----------
HYDROGEN %			----------
NITROGEN %			----------
CHLORINE %			----------
OXYGEN %			----------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
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[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
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Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

MASTER BIDDERS LIST
NON-COMPLIANCE COAL SOLICITATION—04/12/04
95 POTENTIAL SUPPLIERS & 4 INDUSTRY PUBLICATIONS

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FAX NO.: 304/345-1278

MR. SCOTT F. BROWN
PRESIDENT
PICKANDS MATHER COAL COMPANY
9717 CHILLICOTHE ROAD
KIRTLAND, OHIO 44094
PHONE NO.: 440/256-7622
FAX NO.: 440/256-1998

MS. NANCY JAMES
PINCELLI & ASSOCIATES
2009 ALBERMARLE
HIXSON, TENNESSEE 37343
PHONE NO.:
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MR. JIM CAMPBELL
PRESIDENT
PITTSTON COAL SALES CORPORATION
448 NORTHEAST MAIN STREET
POST OFFICE BOX 6300
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PHONE NO.: 865/546-1116
FAX NO.: 865/546-0917

MR. DALE L. FENWICK
POWDERHORN COAL COMPANY
POST OFFICE BOX 1430
PALISADE, COLORADO 81526
PHONE NO.:
FAX NO.:

MR. JOSEPH B. JEFFERSON
KANAWHA RIVER TERMINALS
POST OFFICE BOX 308
CEREDO, WEST VIRGINIA 25507
UNITED STATES OF AMERICA
PHONE NO.: 304/526-0757
FAX NO.: 304/453-6917

MR. JIM SOBERY
PROJECT DEVELOPMENT - VP
PS ENERGY GROUP INC.
2987 CLAIRMONT ROAD, SUITE 450
ATLANTA, GEORGIA 30329
PHONE NO.: 404/321-5711
FAX NO.: 404/321-3938

MR. GENE MOWERY
R&T COAL COMPANY, INC.
11852 KINGSTON PIKE
KNOXVILLE, TENNESSEE 37922
PHONE NO.:
FAX NO.:

MR. KEN STACY
RAPOCA ENERGY COMPANY
2700 LEE HIGHWAY
BRISTOL, VIRGINIA 24201
PHONE NO.:
FAX NO.:

MR. ROBERT CHADWELL
RB COAL COMPANY
PATHFORK, KENTUCKY 40863
PHONE NO.:
FAX NO.:

MR. JIM LAFORCE
RED RIVER COAL COMPANY, INC.
POST OFFICE BOX 668
NORTON, VIRGINIA 24273
PHONE NO.:
FAX NO.:

MR. DERON F. SAYLOR
SAYLOR BROTHERS ENTERPRISES, INC.
POST OFFICE BOX 127
COLDIRON, KENTUCKY 40819
PHONE NO.: 606/664-2961
FAX NO.:

MR. JERRY COOKSEY
SIGMON COAL COMPANY, INC.
549 LONDONDERRY ROAD
CUMBERLAND GAP, TENNESSEE 37724
PHONE NO.:
FAX NO.:

MR. JOHN MCDONNELL
VICE PRESIDENT, SALES
SMOKY MOUNTAIN COAL CORP.
9725 COGDILL ROAD, SUITE 203
KNOXVILLE, TENNESSEE 37932
PHONE NO.: (865) 966-8222 , EXT. 2003
FAX NO.: (865) 777-3633

MR. YURIY PIKSAYKIN
RUSSIAN FAR EASTERN COAL TRADE COMPANY
SOCRAT CO. LTD.
1309 MARSHALL STREET #406
REDWOOD CITY, CALIFORNIA 9406
PHONE NO.: 650/366-6930
FAX NO.: 650/366-6930

MR. FRED A. BOWMAN
VICE PRESIDENT, SALES
SOLAR SOURCES
6755 SOUTH GRAY ROAD
POST OFFICE BOX 47068
INDIANAPOLIS, INDIANA 46247-7068
PHONE NO.: 317/788-0084
FAX NO.: 317/787-0592

MR. RALPH SHELTON
PRESIDENT/CEO
SOUTHEAST FUELS, INC.
POST OFFICE BOX 4061
GREENSBORO, NORTH CAROLINA 27404
PHONE NO.: 336/854-1106
FAX NO.: 336/547-8720

MR. PETE A. COFER
VICE PRESIDENT
SOUTHERN APPALACHIAN COAL SALES, INC.
9050B EXECUTIVE PARK DRIVE, SUITE 100
KNOXVILLE, TENNESSEE 37923-4616
PHONE NO.: 865/470-8595
FAX NO.: 865/470-8644

MR. MARK CANON
SOUTHERN COMPANY ENERGY MARKETING
1155 PERIMETER CENTER WEST
ATLANTA, GEORGIA 30338
PHONE NO.:
FAX NO.:

MR. MARK JONES
VICE PRESIDENT
SSM PETOCKE LLC
10500 LITTLE PATUXENT PKWY., SUITE 510
9891 BROKENLAND PARKWAY
COLUMBIA, MARYLAND 21044
PHONE NO.: 410/910-0634
FAX NO.: 410/910-0630

MR. JOHN STAFFORD
PRESIDENT
STAFFORD ENERGY, INC.
1301 GREENUP AVENUE
ASHLAND, KENTUCKY 41101-7526
PHONE NO.: 606/324-2625
FAX NO.: 606/326-9142

MR. EDWARD L. BILLIPS
MANAGER, CONTRACT ADMINISTRATION
TECO COAL CORPORATION
200 ALLISON BOULEVARD
CORBIN, KENTUCKY 40701
PHONE NO.: 606/523-4444
FAX NO.: 606/523-4490

MR. STEVE ISAACS
THOROUGHBRED COAL COMPANY
POST OFFICE BOX 11188
LEXINGTON, KENTUCKY 40574
PHONE NO.: 859/381-8200
FAX NO.: 859/225-3535

MR. KEVIN C. BURNS
VICE PRESIDENT & GENERAL MANAGER
TMT COAL COMPANY LLC
18800 WOODBURN ROAD
LEESBURG, VIRGINIA 20175
PHONE NO.: 703/771-9191
FAX NO.: 703/779-2070

MR. BILL ANDREWS
PRESIDENT
TRAIL ENERGY, INC.
POST OFFICE BOX 220
GREENBACK, TENNESSEE 37742
PHONE NO.: 865/856-2859
FAX NO.: 865/983-5319

MR. FRANK M. KOLOJESKI
MANAGING DIRECTOR
TRANSGLOBAL VENTURES CORPORATION
12000 LINCOLN DRIVE WEST, SUITE 108
MARLTON, NEW JERSEY 08053
PHONE NO.: 856/396-0808
FAX NO.: 856/396-0615

MR. KEITH G. KLEISER
GENERAL MANAGER
TRANSMAR COAL, INC.
POST OFFICE BOX 119
100 L. J. KOCH BOULEVARD
SANTA CLAUS, INDIANA 47579
PHONE NO.: 812/937-4536
FAX NO.: 812/937-4639

MR. ROBERT B. GABBARD
VICE PRESIDENT
TRITON COAL COMPANY, LLC
ONE PARAGON CENTRE, SUITE 110
2525 HARRODSBURG ROAD
LEXINGTON, KENTUCKY 40504
PHONE NO.: 859/223-8820
FAX NO.: 859/223-8744

MR. JOHN W. PIERCE
MANAGER, COMMERCIAL SERVICES
U. S. STEEL MINING COMPANY, LLC
600 GRANT STREET, SUITE 1880
PITTSBURGH, PENNSYLVANIA 15219-2749
PHONE NO.: 412/433-4611
FAX NO.: 412/433-5839

MR. TRAVIS HUTTON
SALES AGENT
UNITED COAL COMPANY
2700 LEE HIGHWAY
BRISTOL, VIRGINIA 24202
PHONE NO.: 540/466-0014
FAX NO.: 540/669-2671

MR. DAN VAUGHN
UNITED POWER, INC.
5801 LEDGESTONE DRIVE
EVANSVILLE, INDIANA 47711
PHONE NO.: 812/473-5810
FAX NO.: 812/473-5813

MR. BRUCE L. WASHBURN
USS COAL SALES LLC
520 MAN O WAR DRIVE
SEYMOUR, TENNESSEE 37865
PHONE NO.: 865/573-9632
FAX NO.: 865/609-8828

MR. FRANK HURTADO
VICE PRESIDENT
VENRO PETROLEUM CORPORATION
45 ROCKEFELLER PLAZA, SUITE 1600
630 FIFTH AVENUE
NEW YORK, NEW YORK 10111
PHONE NO.: 212/969-1722
FAX NO.: 212/969-1729

MR. JOHN W. GARSIDE, JR.
WOODRUFF COAL COMPANY
POST OFFICE BOX 50190
KALAMAZOO, MICHIGAN 49005
PHONE NO.: 616/343-5531
FAX NO.: 616/343-0404

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FREDERICK J. MURRELL PRESIDENT ADARO ENVIROCOAL AMERICAS 1401 MANATEE AVENUE WEST, SUITE 910 BRADENTON, FLORIDA 34205 PHONE NO.: 941/747-2630 FAX NO.: 941/747-8081			
MR. MICHAEL F. MORAN DIRECTOR - MARKETING AEP ENERGY SERVICES, INC. 11622 CHESTNUT HILL DRIVE MATTHEWS, NORTH CAROLINA 28105 PHONE NO.: 704/846-8248 FAX NO.: 704/844-0569			
MR. JOHN W. TANNER VICE PRESIDENT, SALES ALLIANCE COAL SALES CORPORATION 5000 SAILWIND CIRCLE ORLANDO, FLORIDA 32810 PHONE NO.: 407/523-9797 FAX NO.: 407/523-7870			
MR. L. ELLIS DUSENBURY VICE PRESIDENT ALPHA COAL SALES 9300 HARRIS CORNERS PARKWAY, SUITE 210 CHARLOTTE, NORTH CAROLINA 28269 UNITED STATES OF AMERICA PHONE NO.: 704/596-9253 FAX NO.: 704/598-8115			
MR. ERNIE L. THRASHER PRESIDENT AMCI EXPORT CORPORATION ONE ENERGY PLACE, SUITE 2000 LATROBE, PENNSYLVANIA 15650 PHONE NO.: 724/537-2444 FAX NO.: 724/537-2382			
MR. ANDREW W. COX VICE PRESIDENT AMVEST COAL SALES, INC. POST OFFICE BOX 5347 CHARLOTTESVILLE, VIRGINIA 22905 PHONE NO.: 434/972-7754 FAX NO.: 434/295-3203			

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NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DAVID E. LONG PRESIDENT APEX COAL SALES SIX MOUNTAIN MEADOWS CHAPMANVILLE, WEST VIRGINIA 25508 UNITED STATES OF AMERICA PHONE NO.: 304/752-2365 FAX NO.: 304/752-5769			
MR. JOHN C. SMITH PRESIDENT APPALACHIAN FUELS, LLC 1500 NORTH BIG RUN ROAD ASHLAND, KENTUCKY 41102 PHONE NO.: 606/923-5890 FAX NO.:			
MR. KEN HODAK REGIONAL VICE PRESIDENT, SOUTHEAST ARCH COAL, INC. CITYPLACE ONE, SUITE 300 ST. LOUIS, MISSOURI 63141 PHONE NO.: 314/994-2842 FAX NO.: 314/994-2719			
MR. VICTOR I. VALENZUELA MARKETING MANAGER - AMERICAS BHP BILLITON ENERGY COAL VESPUCIO SUR 100, PISO 7, LAS CONDES SANTIAGO, CHILE SOUTH AMERICA PHONE NO.: 011-56-2-330-5981 FAX NO.: 011-56-2-330-5418			
MR. DAN HENDRICKSON BLACK GOLD, LLC 410 WINTERHAM DRIVE ABINGDON, VIRGINIA 24211 PHONE NO.: (276) 623-8336 FAX NO.: (276) 619-2499	1 BID		
MR. DON E. CAIN PRESIDENT C/C CHEMICAL & COKE COMPANY 3177 MARIA DRIVE LEXINGTON, KENTUCKY 40516 PHONE NO.: FAX NO.:			

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NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MIKE GOFF MANAGER, EASTERN COAL SALES CENTRAL APPALACHIAN MINING 116 MAIN STREET P.O. BOX 1169 PIKEVILLE, KENTUCKY 41502 UNITED STATES OF AMERICA PHONE NO.: 606/432-3900 EXT. 306 FAX NO.: 606/432-0031	1 BID		
MR. STEVE HERSHBERGER CENTRAL COAL AND COKE, INC. POST OFFICE BOX 80092 INDIANAPOLIS, INDIANA 46280 PHONE NO.: 317/841-7733 FAX NO.: 317/841-9180			
MR. CLARK WISMAN DIRECTOR OF MARKETING & SALES CENTRAL COAL COMPANY 148 BRISTOL EAST ROAD BRISTOL, VIRGINIA 24202 UNITED STATES OF AMERICA PHONE NO.: 276/669-8599 FAX NO.: (276) 669-3543	1 BID		
MR. FRANCISCO J. GARCIA MARKETING MANAGER CMC - COAL MARKETING COMPANY LTD. CARRERA 54 # 72-80, P.20 BARRANQUILLA, COLOMBIA SOUTH AMERICA PHONE NO.: 011-57-5-350-2123 FAX NO.: 011-57-5-350-2475	2 BIDS		
MR. GREG JORDAN VICE PRESIDENT, SALES COAL ENERGY RESOURCES INC. POST OFFICE BOX 2043 ABINGDON, VIRGINIA 24210 PHONE NO.: 540/676-3101 FAX NO.: 540/676-3068			
MR. SAM BROVERMAN PRESIDENT COAL SOURCING AND SALES, INC. DRAWER 1878 LEWISBURG, WEST VIRGINIA 24901 UNITED STATES OF AMERICA PHONE NO.: 304/645-5950 FAX NO.: 304/645-5009			

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NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT H. SCOTT COMMONWEALTH COAL SALES, L.C. 5413 PATTERSON AVENUE, SUITE 205 RICHMOND, VIRGINIA 23226 PHONE NO.: 804/282-9826 FAX NO.: 804/282-9836			
MR. ALAN WEED COMPLIANCE HOLDING COMPANY, INC. POST OFFICE BOX 727 BENTON, ILLINOIS 62812 PHONE NO.: FAX NO.: 618/435-5676			
MR. DENNIS P. DUFFY GENERAL SALES MANAGER CONSOL ENERGY INC. 3330 CUMBERLAND BOULEVARD, SUITE 440 ATLANTA, GA 30339 UNITED STATES OF AMERICA PHONE NO.: 770/951-2625 FAX NO.: 770/951-0601	LETTER OF DECLINE		
MR. JOHN SEIBEL CONONA RESOURCES 176 BARNWOOD DRIVE EDGEWOOD, KENTUCKY 41017 PHONE NO.: 859/426-1375 FAX NO.: 859/426-7295	1 BID	BID SUBMITTED ON BEHALF OF: B&W RESOURCES	
MR. CHARLES R. REASOR VICE PRESIDENT, SALES CUMBERLAND RIVER ENERGIES, INC. 1659 OAK CREST COURT MARIETTA, GEORGIA 30066 PHONE NO.: 770/977-3177 FAX NO.: 770/977-3177			
MR. D. TATE RICH VICE PRESIDENT DELTA COALS, INC. CAVALIER BUILDING, SUITE 404 95 WHITE BRIDGE ROAD NASHVILLE, TENNESSEE 37205 PHONE NO.: 615/352-5484 FAX NO.:			
MR. DOUGLAS C. YOUNG SENIOR FUELS TRADER DOMINION ENERGY POST OFFICE BOX 25593 RICHMOND, VIRGINIA 23260 PHONE NO.: 804/787-5779 FAX NO.: 804/787-6482			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
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CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DENNIS J. STEUL DIRECTOR, NORTH AMERICAN SALES DRUMMOND COAL SALES, INC. 530 BEACON PKWY. W., STE. 800 BIRMINGHAM, ALABAMA 35209 PHONE NO.: 205/945-6411 FAX NO.: 205/945-6440			
MR. ROLANDO SANZ-GUERRERO DIRECTOR OF SALES, DTECS DTE ENERGY 425 SOUTH MAIN STREET, SUITE 201 ANN ARBOR, MICHIGAN 48104 PHONE NO.: (734) 913-5877 FAX NO.: (734) 994-5849			
MR. RONALD L. WHALEN EAST RIVER COAL COMPANY POST OFFICE BOX 1451 BLUEFIELD, WEST VIRGINIA 24701 PHONE NO.: 304/327-2596 FAX NO.: 304/325-3708			
MR. STEVEN E. WEBER EMERALD INTERNATIONAL CORPORATION 6895 BURLINGTON PIKE FLORENCE, KENTUCKY 41042 PHONE NO.: 859/525-2522 FAX NO.: 859/525-4052			
MR. ROBERT LEWIS ENERGY CONSULTING, INC. 7212 KINGSTON PIKE KNOXVILLE, TENNESSEE 37919 PHONE NO.: 865/584-9200 FAX NO.: 865/588-2988			RETURNED TO SENDER—NOT DELIVERABLE AS ADDRESSED; UNABLE TO FORWARD
MR. THOMAS HIEMSTRA EVOLUTION MARKETS LLC 65 BROADWAY, FIFTH FLOOR NEW YORK, NEW YORK 10006 PHONE NO.: FAX NO.:			ADDRESS CHANGED TO: 10 BANK STREET WHITE PLAINS, NY 10606-1933
MR. GEORGE F. WILLIAMS SALES MANAGER GARLAND COAL COMPANY 300 FOREST PARK BOULEVARD POST OFFICE BOX 10288 KNOXVILLE, TENNESSEE 37939-0288 PHONE NO.: 423/588-9711 FAX NO.: 423/588-7130			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN MCCONAGHY TRADER GLENCORE LTD. THREE STAMFORD PLAZA 301 TRESSER BOULEVARD STAMFORD, CONNECTICUT 06901-3244 PHONE NO.: 203/328-4958 FAX NO.: 203/978-2630			
MR. ELADIO BUENO CHIEF EXECUTIVE OFFICER GUASARE COAL INTERNATIONAL LINCOLN HOUSE 137 - 143 HAMMERSMITH ROAD LONDON W14 0QL UNITED KINGDOM PHONE NO.: 44 207 471 3806 FAX NO.: 44 207 471 3809			
MR. TIMOTHY MONSON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 4509 OLDE BRIDGE COURT LEXINGTON, KENTUCKY 40513 PHONE NO.: 859/219-1250 FAX NO.: 859/219-2031	2 BIDS		
MR. BUD RUNYON VICE PRESIDENT, SALES HORIZON NATURAL RESOURCES 401 EDGEWOOD ROAD HURRICANE, WEST VIRGINIA 25526 PHONE NO.: 606/920-7777 (KY) 304/562-3320 (WV) FAX NO.: 606/920-7788 (KY)			
MR. THOMAS A. MCQUADE PRESIDENT INFINITY COAL SALES 3315 SPRINGBANK LANE, SUITE 106 CHARLOTTE, NORTH CAROLINA 28226 PHONE NO.: 704/542-4100, EXT. 11 FAX NO.: 704/542-4107			
MR. KEVIN MCEVOY GENERAL MANAGER INTEGRITY COAL SALES, INC. 490 WHEELER ROAD, SUITE 165M HAUPPAUGE, NEW YORK 11788 PHONE NO.: 631/582-6340 FAX NO.: 631/582-6364			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARCEL L. J. VAN DEN BERG INTER-AMERICAN COAL, INC. 5016 DORSEY HALL DRIVE, SUITE 202 ELLICOTT CITY, MARYLAND 21042 PHONE NO.: 410/730-6800 FAX NO.: 410/997-6842			
MR. MARK DOOLEY EXECUTIVE VICE PRESIDENT & COO JAMES RIVER COAL SALES, INC. 901 EAST BYRD STREET, SUITE 1600 RICHMOND, VIRGINIA 23219-4080 PHONE NO.: 804/780-3003 FAX NO.: 804/649-9319	LETTER OF DECLINE		
MR. RODNEY L. CAMP GENERAL MANAGER, MARKETING JIM WALTER RESOURCES, INC. POST OFFICE BOX 133 BROOKWOOD, ALABAMA 35444 PHONE NO.: 205/554-6230 (TUSCALOOSA) FAX NO.: 205/554-6161 (TUSCALOOSA)			
MR. J. MICHAEL E. KELLEY DIRECTOR, TRADING & DIRECT SALES KENNECOTT ENERGY COMPANY 505 SOUTH GILLETTE AVENUE GILLETTE, WYOMING 82716 PHONE NO.: 307/687-6045 FAX NO.: 307/687-6015	2 BIDS		
MR. JAMES R. "KENNY" GILLUM EXECUTIVE VICE PRESIDENT KENTUCKY CUMBERLAND COAL COMPANY POST OFFICE BOX 151 403 N. TENNESSEE AVE., SUITE 1 LAFOLLETTE, TENNESSEE 37766 PHONE NO.: 423/562-4799 FAX NO.: 423/566-5646			
MR. ED LANE VICE PRESIDENT, MARKETING KERR-MCGEE COAL CORPORATION POST OFFICE BOX 25861 OKLAHOMA CITY, OKLAHOMA 73125 PHONE NO.: 405/270-3964 FAX NO.: 405/270-2967			RETURNED TO SENDER—NO LONGER AT ADDRESS
MR. EARL ROOP VICE PRESIDENT, SALES KNOTT FLOYD LAND COMPANY, INC. POST OFFICE BOX 2765 PIKEVILLE, KENTUCKY 41502 PHONE NO.: 606/874-9003 FAX NO.: 606/874-1261			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. ROBERT NELSON DIRECTOR, COAL ORIGINATION KOCH CARBON LLC 20 EAST GREENWAY PLAZA, 8TH FLOOR HOUSTON, TEXAS 77046-2002 PHONE NO.: 713/544-5031 FAX NO.: 713/544-6052			
MR. GENE MITCHELL KOCH CARBON, INC. 632 OVERHILL ROAD ARDMORE, PENNSYLVANIA 19003 PHONE NO.: FAX NO.:			
MR. JOHN BARNARD VICE PRESIDENT LAFAYETTE COAL COMPANY 5600 EXECUTIVE CENTER DRIVE, SUITE 113 CHARLOTTE, NORTH CAROLINA 28212 PHONE NO.: 704/536-5698 FAX NO.: 704/536-8045			
MS. MARY EILEEN O'KEEFE PRESIDENT LAKE SHORE INTERNATIONAL, LTD. 1362 NORTH STATE PARKWAY CHICAGO, ILLINOIS 60610 PHONE NO.: 312/482-9701 FAX NO.: 312/482-9703			
MR. PAUL GREER REGIONAL SALES MANAGER LAKEWAY FUEL CORPORATION ONE KING JAMES SOUTH, SUITE 118 24700 CENTER RIDGE ROAD CLEVELAND, OHIO 44145 PHONE NO.: 404/835-2990 FAX NO.: 404/835-3027			
MR. CHRIS RATLIFF LANDMARK MINING COMPANY, INC. 159 MAIN STREET SHELBIANA, KENTUCKY 41562 PHONE NO.: 606/639-4346 FAX NO.: 606/639-9348			
MR. STEVE MELTON DIRECTOR, UTILITY & INDUSTRIAL SALES LOGAN & KANAWHA COAL CO., INC. P.O. BOX 18370 SOUTH CHARLESTON, WEST VIRGINIA 25303 PHONE NO.: 304/746-4014 FAX NO.: 304/746-4470	1 BID	BID SUBMITTED BY JOE CZUL	CHANGE CONTACT TO JOE CZUL?

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. JOHN R. PARKER SENIOR VICE PRESIDENT MASSEY COAL SALES COMPANY, INC. FOUR NORTH FOURTH STREET RICHMOND, VIRGINIA 23219 UNITED STATES OF AMERICA PHONE NO.: 804/782-1678 FAX NO.: 804/788-1811	2 BIDS		
MR. JOHN R. BAKER, JR. MCWANE COAL SALES, INC. 1927 FIRST AVE. N., SUITE 900 BIRMINGHAM, ALABAMA 35203 PHONE NO.: 205/323-2400 FAX NO.:			RETURNED TO SENDER— FORWARDING TIME EXPIRED
MR. ROCCO D. PRICHINELLO DEPARTMENT MANAGER, COAL, IRON ORE & FERRO MITSUBISHI INTERNATIONAL CORPORATION 520 MADISON AVENUE NEW YORK, NEW YORK 10022 PHONE NO.: 212/605-2304 FAX NO.: 212/605-1935			
MR. MATT INAMURO MANAGER FERROUS RAW MATERIALS & COAL DEPT. STEEL AND COAL DIVISION MITSUI & COMPANY 200 PARK AVENUE, 36TH FLOOR NEW YORK, NEW YORK 10166-0130 PHONE NO.: 212/878-4117 FAX NO.: 212/878-4150			
MR. JOHN A. COLLINS PRESIDENT OAK HILL COAL CORPORATION POST OFFICE BOX 723 264 OLD FLEMINGSBURG ROAD MOREHEAD, KENTUCKY 40351 UNITED STATES OF AMERICA PHONE NO.: 606/780-0824 FAX NO.: 606/780-0749			
MR. JAY BRUTON VICE PRESIDENT OF MID WEST SALESOXBOW CARBON & MINERALS, INC. 7901 SOUTH PARK PLAZA, SUITE 202 LITTLETON, COLORADO 80120 PHONE NO.: 303/795-0413 FAX NO.: 303/795-1524			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MS. BARBARA BUSBY VICE PRESIDENT, SALES PEABODY COALSALES COMPANY 701 MARKET STREET ST. LOUIS, MISSOURI 63101-1826 PHONE NO.: 314/342-7600 FAX NO.: 314/342-7609	1 BID		
MR. CECIL LEWIS PRESIDENT OF SALES PERRY COUNTY COAL CORPORATION POST OFFICE BOX 5001 HAZARD, KENTUCKY 41702 PHONE NO.: 606/439-1391 FAX NO.: 606/436-9113			
MR. J. MARK CAMPBELL PRESIDENT PEVLER COAL SALES COMPANY POST OFFICE BOX 3368 CHARLESTON, WEST VIRGINIA 25333 UNITED STATES OF AMERICA PHONE NO.: 304/345-1276 FAX NO.: 304/345-1278	1 BID	BID SUBMITTED BY BEV REYNOLDS ON BEHALF OF: MARSHALL RESOURCES, INC.	CHANGE CONTACT TO BEV REYNOLDS?
MR. SCOTT F. BROWN PRESIDENT PICKANDS MATHER COAL COMPANY 9717 CHILLICOTHE ROAD KIRTLAND, OHIO 44094 PHONE NO.: 440/256-7622 FAX NO.: 440/256-1998			
MS. NANCY JAMES PINCELLI & ASSOCIATES 2009 ALBERMARLE HIXSON, TENNESSEE 37343 PHONE NO.: FAX NO.:			
MR. JIM CAMPBELL PRESIDENT PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			
MR. RICK MEADE PITTSTON COAL SALES CORPORATION 448 NORTHEAST MAIN STREET POST OFFICE BOX 6300 LEBANON, VIRGINIA 24266 PHONE NO.: 540/889-6300 FAX NO.: 540/889-6093			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DALE L. FENWICK POWDERHORN COAL COMPANY POST OFFICE BOX 1430 PALISADE, COLORADO 81526 PHONE NO.: FAX NO.:			
MR. JOSEPH B. JEFFERSON KANAWHA RIVER TERMINALS POST OFFICE BOX 308 CEREDO, WEST VIRGINIA 25507 UNITED STATES OF AMERICA PHONE NO.: 304/526-0757 FAX NO.: 304/453-6917			
MR. JIM SOBERY ROJECT DEVELOPMENT - VP 'S ENERGY GROUP INC. 987 CLAIRMONT ROAD, SUITE 450 ATLANTA, GEORGIA 30329 'HONE NO.: 404/321-5711 AX NO.: 404/321-3938			
MR. GENE MOWERY :&T COAL COMPANY, INC. 1852 KINGSTON PIKE KNOXVILLE, TENNESSEE 37922 PHONE NO.: FAX NO.:			
MR. KEN STACY RAPOCA ENERGY COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24201 PHONE NO.: FAX NO.:			
MR. ROBERT CHADWELL RB COAL COMPANY PATHFORK, KENTUCKY 40863 PHONE NO.: FAX NO.:			
MR. JIM LAFORCE RED RIVER COAL COMPANY, INC. POST OFFICE BOX 668 NORTON, VIRGINIA 24273 PHONE NO.: FAX NO.:			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. DERON F. SAYLOR SAYLOR BROTHERS ENTERPRISES, INC. POST OFFICE BOX 127 COLDIRON, KENTUCKY 40819 PHONE NO.: 606/664-2961 FAX NO.:			
MR. JERRY COOKSEY SIGMON COAL COMPANY, INC. 549 LONDONDERRY ROAD CUMBERLAND GAP, TENNESSEE 37724 PHONE NO.: FAX NO.:			
MR. JOHN MCDONNELL VICE PRESIDENT, SALES SMOKY MOUNTAIN COAL CORP. 9725 COGDILL ROAD, SUITE 203 KNOXVILLE, TENNESSEE 37932 PHONE NO.: (865) 966-8222 , EXT. 2003 FAX NO.: (865) 777-3633	1 BID		
MR. YURIY PIKSAYKIN RUSSIAN FAR EASTERN COAL TRADE COMPANY SOCRAT CO. LTD. 1309 MARSHALL STREET #406 REDWOOD CITY, CALIFORNIA 9406 PHONE NO.: 650/366-6930 FAX NO.: 650/366-6930			
MR. FRED A. BOWMAN VICE PRESIDENT, SALES SOLAR SOURCES 6755 SOUTH GRAY ROAD POST OFFICE BOX 47068 INDIANAPOLIS, INDIANA 46247-7068 PHONE NO.: 317/788-0084 FAX NO.: 317/787-0592	LETTER OF DECLINE		
MR. RALPH SHELTON PRESIDENT/CEO SOUTHEAST FUELS, INC. POST OFFICE BOX 4061 GREENSBORO, NORTH CAROLINA 27404 PHONE NO.: 336/854-1106 FAX NO.: 336/547-8720			
MR. PETE A. COFER VICE PRESIDENT SOUTHERN APPALACHIAN COAL SALES, INC. 9050B EXECUTIVE PARK DRIVE, SUITE 100 KNOXVILLE, TENNESSEE 37923-4616 PHONE NO.: 865/470-8595 FAX NO.: 865/470-8644			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. MARK CANON SOUTHERN COMPANY ENERGY MARKETING 1155 PERIMETER CENTER WEST ATLANTA, GEORGIA 30338 PHONE NO.: FAX NO.:			
MR. MARK JONES VICE PRESIDENT SSM PETOCKE LLC 10500 LITTLE PATUXENT PKWY., SUITE 510 9891 BROKENLAND PARKWAY COLUMBIA, MARYLAND 21044 PHONE NO.: 410/910-0634 FAX NO.: 410/910-0630			
MR. JOHN STAFFORD PRESIDENT STAFFORD ENERGY, INC. 1301 GREENUP AVENUE ASHLAND, KENTUCKY 41101-7526 PHONE NO.: 606/324-2625 FAX NO.: 606/326-9142			
MR. EDWARD L. BILLIPS MANAGER, CONTRACT ADMINISTRATION TECO COAL CORPORATION 200 ALLISON BOULEVARD CORBIN, KENTUCKY 40701 PHONE NO.: 606/523-4444 FAX NO.: 606/523-4490			
MR. STEVE ISAACS THOROUGHBRED COAL COMPANY POST OFFICE BOX 11188 LEXINGTON, KENTUCKY 40574 PHONE NO.: 859/381-8200 FAX NO.: 859/225-3535			
MR. KEVIN C. BURNS VICE PRESIDENT & GENERAL MANAGER TMT COAL COMPANY LLC 18800 WOODBURN ROAD LEESBURG, VIRGINIA 20175 PHONE NO.: 703/771-9191 FAX NO.: 703/779-2070			
MR. BILL ANDREWS PRESIDENT TRAIL ENERGY, INC. POST OFFICE BOX 220 GREENBACK, TENNESSEE 37742 PHONE NO.: 865/856-2859 FAX NO.: 865/983-5319			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK M. KOLOJESKI MANAGING DIRECTOR TRANSGLOBAL VENTURES CORPORATION 12000 LINCOLN DRIVE WEST, SUITE 108 MARLTON, NEW JERSEY 08053 PHONE NO.: 856/396-0808 FAX NO.: 856/396-0615			
MR. KEITH G. KLEISER GENERAL MANAGER TRANSMAR COAL, INC. POST OFFICE BOX 119 100 L. J. KOCH BOULEVARD SANTA CLAUS, INDIANA 47579 PHONE NO.: 812/937-4536 FAX NO.: 812/937-4639			
MR. ROBERT B. GABBARD VICE PRESIDENT TRITON COAL COMPANY, LLC ONE PARAGON CENTRE, SUITE 110 2525 HARRODSBURG ROAD LEXINGTON, KENTUCKY 40504 PHONE NO.: 859/223-8820 FAX NO.: 859/223-8744			
MR. JOHN W. PIERCE MANAGER, COMMERCIAL SERVICES U. S. STEEL MINING COMPANY, LLC 600 GRANT STREET, SUITE 1880 PITTSBURGH, PENNSYLVANIA 15219-2749 PHONE NO.: 412/433-4611 FAX NO.: 412/433-5839			
MR. TRAVIS HUTTON SALES AGENT UNITED COAL COMPANY 2700 LEE HIGHWAY BRISTOL, VIRGINIA 24202 PHONE NO.: 540/466-0014 FAX NO.: 540/669-2671			
MR. DAN VAUGHN UNITED POWER, INC. 5801 LEDGESTONE DRIVE EVANSVILLE, INDIANA 47711 PHONE NO.: 812/473-5810 FAX NO.: 812/473-5813			
MR. BRUCE L. WASHBURN USS COAL SALES LLC 520 MAN O WAR DRIVE SEYMOUR, TENNESSEE 37865 PHONE NO.: 865/573-9632 FAX NO.: 865/609-8828			

RFP RESPONSE LIST
NON-COMPLIANCE COAL SOLICITATION—APRIL 12, 2004
95 BIDDERS INVITED—2 SUPPLIERS SENT RFPS AFTER INTIAL MAILING OF SOLICITATION

CONTACT/COMPANY SOLICITED	PROPOSALS/ LETTERS OF DECLINE RECEIVED	CONTACT/COMPANY OF RESPONDENT IF OTHER THAN PARTY SOLICITED	COMMENTS
MR. FRANK HURTADO VICE PRESIDENT VENRO PETROLEUM CORPORATION 45 ROCKEFELLER PLAZA, SUITE 1600 630 FIFTH AVENUE NEW YORK, NEW YORK 10111 PHONE NO.: 212/969-1722 FAX NO.: 212/969-1729			
MR. JOHN W. GARSIDE, JR. WOODRUFF COAL COMPANY POST OFFICE BOX 50190 KALAMAZOO, MICHIGAN 49005 PHONE NO.: 616/343-5531 FAX NO.: 616/343-0404			
MR. RICHARD CLONCH 21129 GOLF ESTATES DRIVE LAYTONSVILLE, MARYLAND 20882 PHONE NO.: 240/687/2542 FAX NO.: 240/683/6770			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS
MR. WILLIAM E. MASSEY, JR. PRESIDENT COMPASS COAL SERVICES, LLC 808 MOOREFIELD PARK DR., STE. 206 RICHMOND, VIRGINIA 23236 PHONE NO.: 804/288/9500 FAX NO.: 804/288/9502			ADDED TO BIDDERS LIST FOR FUTURE SOLICITATIONS

12 COMPANIES RESPONDED WITH 16BID(S)

3 COMPANIES SENT A LETTER DECLINING TO BID

3 RFPS WERE RETURNED DUE TO FORWARDING ORDERS EXPIRED, ETC.

Tim
Mobile - 276-791-0011

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM

Crystal River 1 & 2

PRODUCER NAME: Sequoia Energy, LLC / Black Gold, LLC

STREET ADDRESS: 410 Wintercham Drive

CONTACT: Tim Hall / Dan Hendrickson | TELEPHONE NO. 276-623-8336

MINE(S): Sequoia | BOM DISTRICT: 8 | COUNTY: Harlan | STATE: Kentucky

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Harlan | R/R TIPPLE DESIGNATION/NUMBER: 43758

TYPE OF LOADING FACILITY:
UNIT TRAIN: Yes | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
10,000± TONS | <4 HOURS | 110 Cars TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 200,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 200,000 TONS

TYPE OF MINE: 70 % DEEP | 30 % STRIP | ____ % AUGER

SEAMS: Darby & Upper Harlan | BLEND RATIOS: To customer specifications

COAL PREPARATION: 30 RAW | 70 WASHED | ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy media washer, cyclones & spirals

TYPE OF COAL SAMPLING: ASTM mechanical sampler

TYPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Certified batch weigh | SCALE CERTIFIED? ✓ YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
2005 - 2007	120,000 - 2005 240,000 - 2006 - 2007	[redacted] ([redacted] escalation 2006 & 2007)

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Please consider our offer subject to prior commitment and subject to the negotiation of mutually agreeable terms and conditions.

CREDIT REFERENCES (Minimum two): To be provided in the event our offer is of interest.

CUSTOMER REFERENCES (Minimum four): Consumers Energy, Duke Energy & Northeast Utilities

SIGNATURE: Dan Hendrickson | TITLE: Managing Partner | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	4.00 - 6.00	8.00 mx. [4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	7.00 - 8.00	10.00 mx. [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.60 - 1.80	2.10 mx.	2.1 LB/MAX.[1]
BTU/LB	12,900 - 13,100	12,700 mn. [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,700+	2,500 mn. [4]	2,500 MIN.
VOLATILE %	34.00 - 36.00	31.00 mn. [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	42 - 44	42.00 mn. [4]	42 MIN.[3]
SIZE	2" X 0	2" X 0	2" X 0"
FINES (-1/4" X 0")	30 - 40	45 mx.	45% MAX.[4]
FIXED CARBON %	52.00 - 54.00		—
HYDROGEN %	4.81		—
NITROGEN %	1.55		—
CHLORINE %	0.01		—
OXYGEN %	6.97		—

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.26		Antimony		
SiO_2	56.00		Arsenic		
Fe_2O_3	9.19		Beryllium		
Al_2O_3	26.30		Cadmium		
TiO_2	1.60		Chromium		
CaO	1.75		Cobalt		
MgO	0.87		Fluorine		
SO_3	0.70		Lead		
K_2O	2.22		Lithium		
Na_2O	0.47		Manganese		
Undetermined	0.64		Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	4.00 - 6.00	[4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %		[4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			2.1 LB/MAX.[1]
BTU/LB		[4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,700+	[4]	2,500 MIN.
VOLATILE %	34.00 - 36.00	[4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	42 - 44	[4]	42 MIN.[3]
SIZE	2" X 0		2" X 0"
FINES (-1/4" X 0")	30 - 40		45% MAX.[5]
FIXED CARBON %	52.00 - 54.00		——
HYDROGEN %	4.81		——
NITROGEN %	1.55		——
CHLORINE %	0.01		——
OXYGEN %	6.97		——

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.26		Antimony		
SiO_2	56.00		Arsenic		
Fe_2O_3	9.19		Beryllium		
Al_2O_3	26.30		Cadmium		
TiO_2	1.60		Chromium		
CaO	1.75		Cobalt		
MgO	0.87		Fluorine		
SO_3	0.70		Lead		
K_2O	2.22		Lithium		
Na_2O	0.47		Manganese		
Undetermined	0.64		Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME:	B & W Resources Inc.		
STREET ADDRESS:	637 Morton Blvd. Hazard, KY 41701		
CONTACT:	John Seibel	TELEPHONE NO.	(513) 315-6322
MINE(S):	Wooton, Red Oak, Other BOM DISTRICT: HAZ	COUNTY: Perry, Leslie	STATE: KY
ORIGIN RAILROAD(S)/DISTRICT: EK___ CV___ Big Sandy___ Other Jellico - Middlesboro		R/R TIPPLE DESIGNATION/NUMBER: CSX 44655	
TYPE OF LOADING FACILITY: UNIT TRAIN: 4 HR	SINGLE CAR:	TRAINLOAD:	
MAXIMUM LOADING CAPACITY: 11000 TONS	4 HOURS	95 cars TRACK CAPACITY	
WATER DELIVERY CAPABILITY: ___ YES ✓ NO	IMPORT COAL: LOAD PORT		
SHIP THROUGH: ___ DOCK	LOAD RATE:: 5/17/04		
TOTAL PRODUCTION CAPACITY PER MONTH: 100K TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 80K TONS			
TYPE OF MINE: ___% DEEP	100 % STRIP	___% AUGER	
SEAMS: HAZ 4, 5, 7, 8, 9	BLEND RATIOS:		
COAL PREPARATION: 100% RAW	___ WASHED	___ COMBINATION	
TYPE OF COAL WASHER, IF WASHED:			
TYPE OF COAL SAMPLING: Auto sampler being installed			
TYPE OF LABOR CONTRACT(S): None	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Railroad	SCALE CERTIFIED? ___YES ___NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
1/1/05 thru 12/31/07	20,000/mo - 720,000 Total	[redacted] fixed / 3 yrs.

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Coal offered subject to prior sale. All contracts terms to be finalized prior to any commitment. All previous bids superceded by this proposal.

CREDIT REFERENCES (Minimum two): Huntington Bank, Cincinnati, Ohio
~~Peoples Bank, Hazard, Ky~~

CUSTOMER REFERENCES (Minimum four): South Carolina Elec. & Gas → Gerhad Hamberger
Duke Energy → Steve Perkins
EKP → ~~Luke Pokostraw~~
San Leo Coal → Pat Runey

SIGNATURE: [signature] TITLE: VP DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

~~MRS. ROBIN OTT~~
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

Spoke with Gerhard - open
Be careful. Price
will permit to
open mined to
in overburden
Also, ever
production
Let's be
not pass

Spoke with
Got they have
shipped or
in spec & on time

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	7.0 [4]	8.0% MAX.
SURFACE MOISTURE %	5.0	5.0	5.0% MAX.
ASH %	10.0	11.5 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.0	2.0	2.1 LB/MAX.[1]
BTU/LB	12500	12500 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2600 [4]	2,500 MIN.
VOLATILE %	34	32 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	42	42 [4]	42 MIN.[3]
SIZE	2X0	2X0	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[4]
FIXED CARBON %	56	54	—
HYDROGEN %	5.3	5.3	—
NITROGEN %	1.2	1.2	—
CHLORINE %	0.1	0.1	—
OXYGEN %	5.0	5.0	—

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.17		Antimony	To Be Provided	
SiO_2	61.70		Arsenic		
Fe_2O_3	8.92		Beryllium		
Al_2O_3	20.00		Cadmium		
TiO_2	1.01		Chromium		
CaO	3.10		Cobalt		
MgO	1.20		Fluorine		
SO_3	1.16		Lead		
K_2O	1.70		Lithium		
Na_2O	1.27		Manganese		
Undetermined	—		Mercury		
Base/Acid Ratio	—		Nickel		
Maximum Base/Acid Ratio	—		Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %		[4]	8.0% MAX.
SURFACE MOISTURE %	Same as Current		5.0% MAX.
ASH %		[4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)			2.1 LB/MAX.[1]
BTU/LB		[4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)		[4]	2,500 MIN.
VOLATILE %		[4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE		[4]	42 MIN.[3]
SIZE			2" X 0"
FINES (-1/4" X 0")			45% MAX.[5]
FIXED CARBON %			———
HYDROGEN %			———
NITROGEN %			———
CHLORINE %			———
OXYGEN %			———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgO			Fluorine		
SO_3			Lead		
K_2O			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

B&W Resources

Pitcher, Al (PFC)

From: Potter, Roy (PFC)
Sent: **Wednesday, May** 19, 2004 8:46 AM
To: Pitcher, Al (PFC)
Subject: B&W Resources

On May 18, 2004 Mike Hood visited B&W Resources' Wooten surface mine, Red Oak surface mine, and their tipple at Manchester.

The Wooten Mine in Leslie county (in "Wooten") mines 3 primary seams including the Hazard 7,8, and 9. There is a minor amount of 5A. They produce 50,00 tons a month from this operation. They have the possibility of getting up to 100,000 tons a month. T^he job has 2 more years under present permits and can go an additional 2 with new permits. The mine appeared to do a good job of separating outcrop and rash in sending good coal to their loadout.

The Red Oak job is in Vicco. There are 2 equipment spreads. m They are mining the 5a, 7,and 8 with 2 rider seams producing up to 70,000 tons a month. They are currently permitting a hazard 4 mine, although they have no washer. The job life is 5 1/2 years. This was previously mined by Diamond May, who mined all the Haz 9.

The equipment appears in good shape (new or rebuilt). There are 2 drills on each job. They are running Cat 777, CAT 992, and some smaller equipment. They appear to be doing a very competent job of strip mining.

The loadout is in Manchester, about 60 mines from Red Oak and 35 miles from Wooten. There is a truck scale, dual truck dump, a Jeffrey 56 hammermill crusher (or look-alike), one stacking tube, underground reclaim with 60 inch feed belt, and flood loader. They are looking at a Ramsey 2 idler (uncertified) scale to facilitate loading. There is no mechanical sampler, but they are taking bids from Redding and JBL. They can load at 3200 tph feed rate, doing a 90 car train in 3 hours and 20 minutes. There is an Arch metal detector before the crusher. They have stoker capability, but are not making any.

There is an on-site SGS Lab at the loadout. They take flow samples on coal to the stockpile.

The concrete is already poured for additional truck dump and for a radial stacker. The tunnel wil be extended 300 or more feet to allow for more than one quality. Their offices will soon be moved from Hazard as there has been a good bit of construction of office space on site.

The operation appears to be capable and putting a long term plan in process. They might have difficulty doing a compliance order, but should do fine with 2.1 lb. (The "B" is a Mr. Begley, who reported has dumped some 70 million of his money in the operation). They are currently shipping to TVA till the end of the year.

Roy F. Potter
Technical Services Manager
Progress Fuels Corporation
Work (727)-824-6684
Cell (727)-421-2938
email *roy.potter@progressfuels.com*

Central Appalachia Mining LLC

Questions for Mike Goff
1) Tonnage offered in addition to current contract of 480K. (920)

May 11, 2004

Mr. A. W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corporation
Post Office Box 15208
St. Petersburg, Florida 33733

2) What tonnage will you have available for 2005 of #1 no. N/A

RE: Non-Compliance Bid Proposal for Term Coal

Spoke with Mike. They will have coal available to discuss a contract renewal.

Dear Mr. Pitcher:

Central Appalachia Mining (CAM) is responding to your Non-Compliance RFP, dated May 12, 2004. We will be offering coal from our CSX Damron Fork operation, from which you are now currently taking coal.

plus the 340K tonnage

The proposal will be for three (3) years beginning January 1, 2005, and going through December 31, 2007. The first year will be firm with a 2% escalator to begin the start of the second year and continue on with the 2% escalator through the third year of the agreement. We will keep the bid open until 5:00PM May 14, 2004, and the proposal will be subject to prior sale.

If you should have any questions or comments concerning this, please feel free to give me a call at (606) 432-3900 ext. 306.

Sincerely,

Mike Goff by sks

Mike Goff
Sales & Marketing Manager

MG/sks

116 Main Street • Pikeville, Kentucky 41501
P.O. Box 1169 • Pikeville, Kentucky 41502
(606) 432-3900 • Fax (606) 432-0031

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

ÆER NAME: Central Appalachia Mining LLC

ÆET ADDRESS: 116 Main St. - P.O. Box 1169 - Pikeville

ITACT: Mike Goff | TELEPHONE NO. 606/432-3900 ext 306

E(S): Damron Fork | BOM DISTRICT: 8 | COUNTY: Pike | STATE: KY

GIN RAILROAD(S)/DISTRICT: EK___ CV___ Big Sandy ✓ Other___ | R/R TIPPLE DESIGNATION/NUMBER: 84917

'E OF LOADING FACILITY:
JNIT TRAIN: ___ SINGLE CAR: ___ TRAINLOAD: ___

XIMUM LOADING CAPACITY:
16,000 TONS | 4 HOURS | 110 TRACK CAPACITY

.TER DELIVERY CAPABILITY: ___ YES ___ NO | IMPORT COAL: LOAD PORT ___

IP THROUGH: ___ DOCK | LOAD RATE:: ___

ITAL PRODUCTION CAPACITY PER MONTH: 450,000 TONS

ODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 30,000 TONS

'PE OF MINE: 50 % DEEP | 50 % STRIP | ___ % AUGER

EAMS: | BLEND RATIOS:

OAL PREPARATION: ___ RAW | ___ WASHED | ✓ COMBINATION

YPE OF COAL WASHER, IF WASHED: Heavy Media Washer - Heavy Media Cyclones - Spirals, Froth Flotation Cells

YPE OF COAL SAMPLING: Three Stage Belt Sweep

YPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION:

YPE OF COAL WEIGHING: Kanawha Batch Weighing | SCALE CERTIFIED? ✓ YES ___ NO

PERIOD	TONNAGE (Tons per Year)	BASE PRICE PER TON FOB MINE
Jan 1, 2005 - Dec. 31, 2007	240,000 - 210K Trains Per Month	$[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two): Community Trust Bank - Acct# 4001360527 - Phone 606/432-1414
Rogers Petroleum - 606/432-1421 - P.O. Box 162 - Pikeville, KY 41502
Nelson Brothers - 800/972-2684 - 820 Shades Creek Parkway Suite 2000 - Birmingham, AL

CUSTOMER REFERENCES (Minimum four): 1) Gainesville Regional Utilities - Thomas Fox 352/534-3400
2) East KY Power - Ernie Huff 859/744-4864 Ext 853
3) Duke Energy - Elliott Batson 704/382-6132
4) MIRANT - Mark Canon 678/579-3073
5) Koch Carbon - Rob Nelson 713/544-5031

SIGNATURE: Mike Goff | TITLE: Sales & Marketing Manager | DATE: 5/11/09

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6570
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Central Appalachia Mining LLC

STREET ADDRESS: 116 Main St. - P.O. Box 1169 - Pikeville

CONTACT: Mike Goff | TELEPHONE NO. 606/432-3900 ext 306

MINE(S): Damron Fork | BOM DISTRICT: 8 | COUNTY: Pike | STATE: KY

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy ✓ Other_____ | R/R TIPPLE DESIGNATION/NUMBER: 84917

TYPE OF LOADING FACILITY:
UNIT TRAIN: _____ SINGLE CAR: _____ TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
11,000 TONS 4 HOURS 110 TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 450,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 30,000 TONS

TYPE OF MINE: 50 % DEEP 50 % STRIP ____ % AUGER

SEAMS: | BLEND RATIOS:

COAL PREPARATION: _____ RAW ____ WASHED ✓ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy Media Washer - Heavy Media Cyclones - Spirals, Froth Flotation Cells

TYPE OF COAL SAMPLING: Three Stage Belt Sweep

TYPE OF LABOR CONTRACT(S): None | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Kanawha Batch Weighing | SCALE CERTIFIED? ✓ YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
Jan. 1, 2005 - Dec. 31, 2007		

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two): Community Trust Bank - Acct# 4001360527 - Phone 606/432-1414
Rogers Petroleum - 606/432-1421 - P.O. Box 162 - Pikeville, KY 41502
Nelson Brothers - 800/972-2684 - 820 Shades Creek Parkway Suite 2000 - Birmingham, AL

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2) East KY Power - Ernie Huff 859/744-4864 Ext 853
3) Duke Energy - Elliott Batson 704/382-6132
4) MIRANT - Mark Canon 678/579-3073
5) Koch Carbon - Rob Nelson 713/544-5031

SIGNATURE: Mike Goff | TITLE: Sales & Marketing Manager | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	8.0 [4]	8.0% MAX.
SURFACE MOISTURE %	4.0	5.0	5.0% MAX.
ASH %	11.00	12% [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.0	2.1 LB/MAX	2.1 LB/MAX.[1]
BTU/LB	12,600	12,500 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2500°+	2500° MIN [4]	2,500 MIN.
VOLATILE %	34.0	32.0% MIN [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	43-45	42 MIN [4]	42 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX.[4]
FIXED CARBON %	53.00	53.00	———
HYDROGEN %	5.35	5.34	———
NITROGEN %	1.55	1.59	———
CHLORINE %	0.09	0.14	———
OXYGEN %	5.50	5.71	———

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.15		Antimony	<1.0	
SiO_2	53.02		Arsenic	3.22	
Fe_2O_3	9.00		Beryllium	2.10	
Al_2O_3	28.64		Cadmium	<0.2	
TiO_2	1.19		Chromium	8.96	
CaO	1.61		Cobalt	4.55	
MgO	1.27		Fluorine	36.70	
SO_3	0.20		Lead	2.59	
K_2O	3.07		Lithium	14.0	
Na_2O	0.62		Manganese	34.67	
Undetermined	1.23		Mercury	0.07	
Base/Acid Ratio	0.1879		Nickel	11.31	
Maximum Base/Acid Ratio	0.2030		Selenium	<1.0	

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	8.0 [4]	8.0% MAX.
SURFACE MOISTURE %	4.0	5.0	5.0% MAX.
ASH %	11.00	12% [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.0	2.1 LB/MAX	2.1 LB/MAX.[1]
BTU/LB	12,600	12,500 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2500°+	2500° MIN [4]	2,500 MIN
VOLATILE %	34.0	32.0% MIN [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	43-45	42 MIN [4]	42 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX.[4]
FIXED CARBON %	53.00	53.00	—
HYDROGEN %	5.35	5.34	—
NITROGEN %	1.55	1.59	—
CHLORINE %	0.09	0.14	—
OXYGEN %	5.50	5.71	—

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.15		Antimony	<1.0	
SiO_2	53.02		Arsenic	3.22	
Fe_2O_3	9.00		Beryllium	2.10	
Al_2O_3	28.64		Cadmium	<0.2	
TiO_2	1.19		Chromium	8.96	
CaO	1.61		Cobalt	4.55	
MgO	1.27		Fluorine	36.70	
SO_3	0.20		Lead	2.59	
K_2O	3.07		Lithium	14.0	
Na_2O	0.62		Manganese	34.67	
Undetermined	1.23		Mercury	0.07	
Base/Acid Ratio	0.1879		Nickel	11.31	
Maximum Base/Acid Ratio	0.2030		Selenium	<1.0	

STANDARD LABORATORIES, INC.
Box 606
Whitesburg, KY 41858
Tel: (606) 633-9373
Fax: (606) 633-8136

Lab No. 40302164
Date Rec'd. 3/01/2004
Date Sampled 2/25/2004
Sampled By YOURSELVES

ROB FORK PROCESSING
P.O. BOX 270
PRESTONSBURG, KY 41653

SAMPLE IDENTIFICATION
MILLARD SEAM

	% Moisture	% Ash	% Volatile	% Fixed Carbon	B.T.U./LB.	% Sulfur
As Rec'd.	2.07	7.83	35.66	54.44	13893	1.08
Dry Basis		8.00	36.41	55.59	14982	1.08
M-A-Free					15198	
Method						

LBS SO2 / MMBTU: 1.54 LBS ASH / MMBTU: 5.72

FREE SWELLING INDEX: 8.0
HARDGROVE GRINDABILITY INDEX: 51.0

ASH FUSION TEMPERATURES (DEG F):	REDUCING
INITIAL	2193
SOFTENING	2317
HEMISPHERICAL	2436
FINAL	2585

NOTE: XXXX INDICATES ANALYSIS WAS NOT PERFORMED

FOR YOUR PROTECTION THIS DOCUMENT HAS BEEN PRINTED ON CONTROLLED PAPER STOCK. NOT VALID IF ALTERED.

Respectfully Submitted, Lynn A Combs

STANDARD LABORATORIES, INC.

PO BOX 606
WHITESBURG, KY 41858
TL #606-633-9373
FAX #606-633-8136

Lab No. 40302164

Date Rec'd 03/01/04

Date Sampled 02/25/04

Sampled By YOURSELVES

Sample ID: MILLARD SEAM

ROB FORK PROCESSING
P.O. BOX 270
PRESTONSBURG, KY 41653

ULTIMATE ANALYSIS OF COAL:

	% DRY BASIS
ASH:	8.00
HYDROGEN:	5.59
CARBON	77.66
NITROGEN:	1.67
SULFUR:	1.08
OXYGEN	6.10

US STEEL OXIDATION: 98.5 % TRANSMITTANCE

FORMS OF SULFUR:

	% DRY BASIS
TOTAL SULFUR:	1.08
PYRITIC SULFUR:	0.22
SULFATE SULFUR:	0.01
ORGANIC SULFUR:	0.85

MINERAL ANALYSIS OF ASH:

	% IGNITED BASIS
SILICON DIOXIDE:	53.02
ALUMINUM OXIDE:	28.64
TITANIUM DIOXIDE:	1.19
CALCIUM OXIDE:	1.61
POTASSIUM OXIDE:	3.07
MAGNESIUM OXIDE:	1.27
SODIUM OXIDE:	0.62
PHOSPHORUS PENTOXIDE:	0.15
FERRIC OXIDE:	9.00
SULFUR TRIOXIDE:	0.20

BASE/ACID RATIO:	0.1879
SLAG VISCOSITY (DEG F/250 POISE):	2736
FOULING INDEX:	0.1166
TYPE:	LOW
SLAGGING INDEX:	0.2030
TYPE:	LOW
% ALKALIES AS Na2O:	0.21
SILICA RATIO:	1.85
% SILICA VALUE:	81.69

COAL PLASTICITY:

MAXIMUM FLUIDITY (DDPM)	18803
TEMPERATURE AT START (1 DDPM)	384 DEG C
TEMPERATURE AT FINAL (1 DDPM)	467 DEG C
TEMPERATURE AT MAXIMUM FLUIDITY	434 DEG C
TEMPERATURE RANGE	83 DEG C

Respectfully Submitted:
RICK CHAMPION/KIM COMBS: MGRS

CENTRAL COAL COMPANY

148 BRISTOL EAST ROAD

BRISTOL, VIRGINIA 24202

TELEPHONE (276) 669-8599 FAX (276) 669-3543

May 11, 2004

Mr. A.W. Pitcher
Vice President-Coal Procurement
Progress Fuels Corp.
200 Central Avenue
St. Petersburg, FL 33701

Dear Mr. Pitcher:

Central Coal Company is pleased to submit the attached proposal for your review and consideration. This proposal is subject to the following conditions:

- Prior Sale of the coal.
- Negotiation and execution of a mutually agreeable coal supply agreement.

Central Coal Company appreciates the opportunity to submit this proposal and will be glad to answer any questions you may have concerning it.

Best Regards,

Clark Wisman
Sales

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Central Coal Company

STREET ADDRESS: 148 Bristol East Rd., Bristol, VA 24202

CONTACT: Clark Wisman | TELEPHONE NO. 276-669-8599

MINE(S): Coal River Energy | BOM DISTRICT: 8 | COUNTY: Boone | STATE: WV

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Kanawha | R/R TIPPLE DESIGNATION/NUMBER: 82202

TYPE OF LOADING FACILITY:
UNIT TRAIN: 150 | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
15,000 TONS | 4 HOURS | _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES X NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 125,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 50,000 TONS

TYPE OF MINE: 100 % DEEP | _____ % STRIP | _____ % AUGER

SEAMS: #2 Gas - Stockton | BLEND RATIOS:

COAL PREPARATION: _____ RAW | 100 WASHED | _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: Heavy-media

TYPE OF COAL SAMPLING: Automatic - 2 stage

TYPE OF LABOR CONTRACT(S): N/A | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Batch Weigh | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
Jan 2005 - Dec 2006	20,000 TPM	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Subject to prior

CREDIT REFERENCES (Minimum two): Wachovia
Caterpillar

CUSTOMER REFERENCES (Minimum four): Duke Power
Progress Energy Carolina

SIGNATURE: [signature] | TITLE: Sales | DATE: 5/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 500
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.5	8.0 [4]	8.0% MAX.
SURFACE MOISTURE %	5.0	5.0	5.0% MAX.
ASH %	11.0	12.0 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.6	1.5	2.1 LB/MAX.[1]
BTU/LB	12,400	12,300 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 [4]	2,500 MIN.
VOLATILE %	34.0	32.0 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	45 [4]	42 MIN.[3]
SIZE	2" X 0	2" X 0	2" X 0"
FINES (-1/4" X 0")	45	45	45% MAX.[4]
FIXED CARBON %	52.0	50.0	—
HYDROGEN %	4.8	4.5	—
NITROGEN %	1.4	1.5	—
CHLORINE %	.15	.20	—
OXYGEN %	6.5	7.0	—

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	.18	.05	Antimony		
SiO_2	54.18	3.0	Arsenic		
Fe_2O_3	8.38	1.5	Beryllium		
Al_2O_3	27.36	2.0	Cadmium		
TiO_2	1.50	.30	Chromium		
CaO	2.51	.50	Cobalt		
MgO	.99	.20	Fluorine		
SO_3	2.03	.30	Lead		
K_2O	2.21	.50	Lithium		
Na_2O	.46	.05	Manganese		
Undetermined	.04	.01	Mercury		
Base/Acid Ratio	.18	.05	Nickel		
Maximum Base/Acid Ratio	.30	.05	Selenium		

CMC
Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

May 12, 2004

Mr. Al W. Pitcher
Vice President Coal Procurement
Progress Energy
St. Petersburg, Florida 33701
USA

Dear Al:

We appreciate the opportunity to make the following proposal for the supply of Cerrejon coal to Progress Energy, for its Crystal River Plant in Florida, under the following terms and conditions:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from January 1 to December 31, 2005.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Tonnage

CMC would be willing to supply 400,000 short tons of Quality C coal and 200,000 short tons of Quality B coal during calendar year 2005, at final dates to be mutually agreed.

Delivery

Coal would be supplied either CIF Electrocoal Terminal, New Orleans, or CIF McDuffie, Mobile. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Quality

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Typical Coal Analysis	Typical	Typical	ASTM Test Nr.
Calorific value (Btu/lb gar)	11,800	11,600	D1989
Total moisture (wt percent)	11.4	11.6	D3302
Ash (wt percent)	7.3	8.2	D3174
Volatile Matter (wt percent)	34.0	33.4	D3175
Sulfur (wt percent)	0.6	0.6	D4239C
Hardgrove Index	48	48	D409
Nominal Top Size (mm)	50	50	D4749
% below 1/4 inch	45	45	
SO2/MBTU	1.0	1.12	
Carbon (wt percent)	65.5	65.2	
Hydrogen (wt percent)	4.6	4.6	
Nitrogen (wt percent)	1.2	1.2	
Chlorine (wt percent)	0.03	0.03	
Oxygen (wt percent)	8.1	8.1	

Note: CMC recognizes that our B coal does not comply with your pyritic sulfur restrictions for non compliance coal, but offers this quality as an alternative

Price

CMC would supply low sulfur thermal coal, as stated in your bid forms, at the price of:

- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar
- US[redacted] per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar
- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
- US[redacted] per short ton CIF McDuffie, Mobile at 11,600 Btu/lb gar

These are indicative prices, valid 20 days after May12, 2004, subject to CMC's Board approval

Scheduling

Delivery schedule would be mutually agreed.

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Expiration

This indicative proposal is valid 20 days after May 12, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to further discuss our offer, at your convenience.

Sincerely,

Francisco Garcia

Francisco J. Garcia

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Coal Marketing Company Ltd –CMC-

STREET ADDRESS: 7 Bachelor's Walk, Dublin 1, Ireland

CONTACT: Francisco J. Garcia –Marketing Manager- | TELEPHONE NO. 57-5-350-2123

MINE(S): Cerrejon, Colombia BOM DISTRICT: N/A | COUNTY: N/A | STATE: N/A

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other: Imported coal | R/R TIPPLE DESIGNATION/NUMBER: N/A

TYPE OF LOADING FACILITY: Imported coal
UNIT TRAIN: N/A SINGLE CAR: N/A TRAINLOAD: N/A

MAXIMUM LOADING CAPACITY: N/A
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: X YES ____ NO IMPORT COAL: Cerrejon, Colombia LOAD PORT: Puerto Bolivar, Colombia

SHIP THROUGH: _____ DOCK LOAD RATE: 6,000 short tons per hour

TOTAL PRODUCTION CAPACITY PER MONTH: 2.5 Million short TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 1.0 Million short TONS

TYPE OF MINE: ____% DEEP X % STRIP ____% AUGER

SEAMS: Multiseam operation | BLEND RATIOS:

COAL PREPARATION: X RAW ____ WASHED ____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: Automatic sweep arm type, manufactured by J. B. Long

TYPE OF LABOR CONTRACT(S): Union | DATE FOR RENEGOTIATION: 2005

TYPE OF COAL WEIGHING: Vessel draft survey | SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1 – December 31, 2005	400,000 short tons	[redacted] per short ton CIF NOLA @ 11,600 Btu/lb gar Indicative price, valid for 20 days after May 12, 2004, subject to CMC's Board approval

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four): JEA, Southern Company, Nova Scotia Power, New Brunswick Power

SIGNATURE: Francisco Garcia | TITLE: Marketing Manager | DATE: May 12, 2004

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

CURRENT QUALITY

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

DESCRIPTION	OFFERED COAL SPECIFICATIONS **CERREJON "C" COAL**		
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	**11.6**	**12.3**	8.0% MAX.
SURFACE MOISTURE %	**2.5**	**3.0**	5.0% MAX.
ASH %	**8.2**	**9.2**	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	**1.12**	**1.34**	2.1 LB/MAX.[1]
BTU/LB	**11,600**	**11,600**	12,000/LB MIN
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	**2350**	**2290**	2,500 MIN.
VOLATILE %	**33.4**	**32.0**	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	**48**	**45**	42 MIN.[3]
SIZE	**2"X 0"**	**2"X 0"**	2" X 0"
FINES (-1/4" X 0") %	**45**	**51**	45% MAX.[4]
FIXED CARBON %	**46.8**		----------
HYDROGEN %	**4.6**		----------
NITROGEN %	**1.2**		----------
CHLORINE %	**0.03**		----------
OXYGEN %	**8.3**		----------

3

DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	**0.22**	**0.02**	Antimony	**0.9**	
SiO_2	**60.4**	**0.8**	Arsenic	**3.0**	
Fe_2O_3	**8.4**	**0.4**	Beryllium	**0.7**	
Al_2O_3	**20.1**	**1.0**	Cadmium	**0.4**	
TiO_2	**1.0**	**0.13**	Chromium	**11**	
CaO	**2.3**	**0.3**	Cobalt	**1.0**	
MgO	**2.2**	**0.3**	Fluorine	**51**	
SO_3	**2.1**	**0.35**	Lead	**3.0**	
K_2O	**2.2**	**0.4**	Lithium	**1.9**	
Na_2O	**0.6**	**0.15**	Manganese	**69**	
Undetermined	**0.48**		Mercury	**<0.1**	

Base/Acid Ratio	0.19	0.02	Nickel	10	
Maximum Base/Acid Ratio	0.23		Selenium	3.0	

PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	11.6	12.3	8.0% MAX.
SURFACE MOISTURE %	2.5	3.0	5.0% MAX.
ASH %	8.2	9.2	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.12	1.34	2.1 LB/MAX.[1]
BTU/LB	11,600	11,600	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2350	2290	2,500 MIN.
VOLATILE %	33.4	32.0	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	48	45	42 MIN.[3]
SIZE	2"X 0"	2"X 0"	2" X 0"
FINES (-1/4" X 0")	45	51	45% MAX.[5]
FIXED CARBON %	46.8		---------
HYDROGEN %	4.6		---------
NITROGEN %	1.2		---------
CHLORINE %	0.03		---------
OXYGEN %	8.3		---------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.02	Antimony	0.9	
SiO_2	60.4	0.8	Arsenic	3.0	
Fe_2O_3	8.4	0.4	Beryllium	0.7	
Al_2O_3	20.1	1.0	Cadmium	0.4	
TiO_2	1.0	0.13	Chromium	11	
CaO	2.3	0.3	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO_3	2.1	0.35	Lead	3.0	
K_2O	2.2	0.4	Lithium	1.9	
Na_2O	0.6	0.15	Manganese	69	

Undetermined	**0.48**		Mercury	**<0.1**	
Base/Acid Ratio	**0.19**	**0.02**	Nickel	**10**	
Maximum Base/Acid Ratio	**0.23**		Selenium	**3.0**	
*NOTE: ADD SHEETS IF MORE THAN ONE SEAM					

CMC
Coal Marketing Company Ltd

Francisco J. Garcia
Marketing Manager

May 12, 2004

Mr. Al W. Pitcher
Vice President Coal Procurement
Progress Energy
St. Petersburg, Florida 33701
USA

Dear Al:

We appreciate the opportunity to make the following proposal for the supply of Cerrejon coal to Progress Energy, for its Crystal River Plant in Florida, under the following terms and conditions:

Term

CMC would be willing to negotiate and enter into a mutually agreeable coal sale and purchase contract (Contract) to supply coal from January 1 to December 31, 2005.

Source

Coal would be supplied from the Cerrejon mines and would be loaded at Puerto Bolivar, Republic of Colombia, South America.

Tonnage

CMC would be willing to supply 400,000 short tons of Quality C coal and 200,000 short tons of Quality B coal during calendar year 2005, at final dates to be mutually agreed.

Delivery

Coal would be supplied either CIF Electrocoal Terminal, New Orleans, or CIF McDuffie, Mobile. Except as provided otherwise herein, the provisions of Incoterms 2000 would apply.

Quality

Coal would be unwashed, crushed, and would have typical specifications as shown below on an "as received" basis as sampled at Puerto Bolivar. The average quality of Buyer's coal may vary due to deviations in the quality of coal being mined at the time of loading. The term "as received" basis has that meaning defined in ASTM specifications D3180.

Typical Coal Analysis	Typical	Typical	ASTM Test Nr.
Calorific value (Btu/lb gar)	11,800	11,600	D1989
Total moisture (wt percent)	11.4	11.6	D3302
Ash (wt percent)	7.3	8.2	D3174
Volatile Matter (wt percent)	34.0	33.4	D3175
Sulfur (wt percent)	0.6	0.6	D4239C
Hardgrove Index	48	48	D409
Nominal Top Size (mm)	50	50	D4749
% below 1/4 inch	45	45	
SO2/MBTU	1.0	1.12	
Carbon (wt percent)	65.5	65.2	
Hydrogen (wt percent)	4.6	4.6	
Nitrogen (wt percent)	1.2	1.2	
Chlorine (wt percent)	0.03	0.03	
Oxygen (wt percent)	8.1	8.1	

Note: CMC recognizes that our B coal does not comply with your pyritic sulfur restrictions for non compliance coal, but offers this quality as an alternative

Price

CMC would supply low sulfur thermal coal, as stated in your bid forms, at the price of:

US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,800 Btu/lb gar

US[redacted] per short ton CIF McDuffie, Mobile at 11,800 Btu/lb gar

- US[redacted] per short ton CIF Electrocoal Terminal, New Orleans at 11,600 Btu/lb gar
- US[redacted] per short ton CIF McDuffie, Mobile at 11,600 Btu/lb gar

These are indicative prices, valid 20 days after May12, 2004, subject to CMC's Board approval

Scheduling

Delivery schedule would be mutually agreed.

Other

This offer shall not be binding on either party until the parties reach a mutual agreement on each of the terms proposed above, as well as other contractual clauses covering payment terms, passage of title, scheduling and shipping, weighing, sampling and analysis, quality adjustments, taxes, insurance, force majeure, limitation of warranties, no consequential damages, applicable law, arbitration, assignment, and confidentiality. This offer shall not be binding on either party until a definitive agreement has been approved by the management of each company and executed by an authorized representative of each party.

Expiration

This indicative proposal is valid 20 days after May 12, 2004. We request that you treat this proposal and supporting information as confidential.

We will be glad to further discuss our offer, at your convenience.

Sincerely,

Francisco J. Garcia

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CONTACT: Francisco J. Garcia –Marketing Manager-	TELEPHONE NO. 57-5-350-2123	
MINE(S): Cerrejon, Colombia BOM DISTRICT: N/A	COUNTY: N/A	STATE: N/A
ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other: Imported coal	R/R TIPPLE DESIGNATION/NUMBER: N/A	

MAXIMUM LOADING CAPACITY: N/A
_____ TONS _____ HOURS _____ TRACK CAPACITY

WATER DELIVERY CAPABILITY: __X__ YES ____ NO IMPORT COAL: Cerrejon, Colombia LOAD PORT: Puerto Bolivar, Colombia

SHIP THROUGH: _____DOCK LOAD RATE: 6,000 short tons per hour

TOTAL PRODUCTION CAPACITY PER MONTH: 2.5 Million short **TONS**

SEAMS: Multiseam operation	BLEND RATIOS:

TYPE OF COAL SAMPLING: Automatic sweep arm type, manufactured by J. B. Long

TYPE OF LABOR CONTRACT(S): Union	**DATE FOR RENEGOTIATION:** 2005
TYPE OF COAL WEIGHING: Vessel draft survey	SCALE CERTIFIED? ____YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 1 – December 31, 2005	400,000 short tons	[redacted] per short ton CIF McDuffie @ 11,600 Btu/lb gar Indicative price, valid for 20 days after May 12, 2004, subject to CMC's Board approval

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN **"X"** IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four): JEA, Southern Company, Nova Scotia Power, New Brunswick Power

SIGNATURE: Francisco Garcia	TITLE: Marketing Manager	DATE: May 12, 2004

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS CERREJON "C" COAL		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	11.6	12.3	8.0% MAX.
SURFACE MOISTURE %	2.5	3.0	5.0% MAX.
ASH %	8.2	9.2	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.12	1.34	2.1 LB/MAX.[1]
BTU/LB	11,600	11,600	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2350	2290	2,500 MIN.
VOLATILE %	33.4	32.0	31.0% MIN.
GRINDABILITY, HARDGROVE	48	45	42 MIN.[3]
SIZE	2"X 0"	2"X 0"	2" X 0"
FINES (-1/4" X 0") %	45	51	45% MAX.[4]
FIXED CARBON %	46.8		----------
HYDROGEN %	4.6		----------
NITROGEN %	1.2		----------
CHLORINE %	0.03		----------
OXYGEN %	8.3		----------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.22	0.02	Antimony	0.9	
SiO_2	60.4	0.8	Arsenic	3.0	
Fe_2O_3	8.4	0.4	Beryllium	0.7	
Al_2O_3	20.1	1.0	Cadmium	0.4	
TiO_2	1.0	0.13	Chromium	11	
CaO	2.3	0.3	Cobalt	1.0	
MgO	2.2	0.3	Fluorine	51	
SO_3	2.1	0.35	Lead	3.0	
K_2O	2.2	0.4	Lithium	1.9	
Na_2O	0.6	0.15	Manganese	69	
Undetermined	0.48		Mercury	<0.1	

Base/Acid Ratio	0.19	0.02	Nickel	10	
Maximum Base/Acid Ratio	0.23		Selenium	3.0	PROJECTED QUALITY

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
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Undetermined	**0.48**		Mercury	**<0.1**	
Base/Acid Ratio	**0.19**	**0.02**	Nickel	**10**	
Maximum Base/Acid Ratio	**0.23**		Selenium	**3.0**	



CONSOL ENERGY™

CONSOL Energy Inc.
3330 Cumberland Blvd.
Suite 440
Atlanta, GA 30339

phone: 770/951-2625
fax: 770/951-0601
e-mail: dennisduffy@consolenergy.com
voice mai: 770/951-0060

DENNIS P. DUFFY
General Sales Manager

May 10, 2004

Mr. A. W. "Al" Pitcher
Vice President, Coal Procurement
Progress Energy - Florida.
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Dear Al,

Confirming conversation today, **CONSOL** regrets to advise we do not have any coal to offer Progress Energy for your 4-12-04 bid solicitation. At this time, remaining unsold tons for 2005 are above 2.1 lbs. So2.

I look forward to discussions on the continuation of our current contract later this year. Thank you for your consideration.

Yours truly,

Dennis

Dennis P. Duffy

Lexington, Kentucky 40513
Phone: (859) 219-1250
Fax: (859) 219-2031
Cell: (606) 923-2932
E-Mail: tmonson@ insightbb.com

May 11, 2004

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

Dear Mrs. Ott:

Horizon Natural Resources Sales Company is pleased to submit its coal quotation from its Evergreen Mining Company to the Progress Fuels Corporation for Crystal River Units 1 and 2 in accordance with the following terms and conditions.

SELLER:	Horizon Natural Resources Sales Company 2000 Ashland Drive Ashland, KY 41101
FEDERAL TAX I.D.	61-1331912
PRODUCER:	Evergreen Mining Company P.O. Box 972 Cowen, WV 26206
QUANTITY:	500,000 tons per year at a rate of approximately (4) four trains per month.
TERM:	January 1 through December 31, 2005 with "a price re-opener for 2006 and 2007
PRICE, (F.O.B. Origin)*:	[redacted] per net ton, fixed for calendar 2005.

*** Pricing for CY 2006 and CY 2007 would be determined as follows:**

The price for coal during calendar year 2006 shall be equal to the 2005 contract price, unless **either party** requests in writing on or before

August 1, 2005 to re-negotiate such price. If renegotiation is requested and the parties agree on a new price, that price shall take effect on January 1, 2006. If, however, the parties are unable to agree on the 2006 price by September 15, 2005, then on or before September 30, 2005: (a) Seller would have the right to cause the agreement to be extended through 2006 by stipulating a 2006 contract price equal to the 2005 contract price minus ten percent (10%), by written notice to Progress Fuels Corporation or (b) Progress Fuels Corporation would have the right to cause the agreement to be extended as set forth above by stipulating a 2006 contract price being equal to the 2005 contract price plus ten percent (10%), by written notice to Seller. If neither Buyer nor Seller elects to lock in the agreement as set forth above on or before September 30, 2005, the agreement shall expire at 11:59 p.m., E.S.T., on December 31, 2005.

THE SAME LANGUAGE WOULD APPLY FOR THE 2007 PRICING MECHANISM, USING THE 2006 PRICE AS THE BASE!

QUALITY "As Received"

Moisture	8.00%
Ash	13.00%
Sulfur	1.29%
SO_2/Lbs.MMBTU	2.1 Lbs max. (To Govern)
Volatile	31.00% minimum
Heating Value	12,300 minimum
Fusion, Red. F.	
Softening (H=W)	2700+
Hardgrove Index	45 +/- 3
Size	2" X 0"
Fines<1/4"	45.0% maximum

SHIPPING POINT:

Evergreen
CSX RR
B & O Gauley North District
Origin, CSX#78420
Loading Time: 4 Hrs.
Loaded Cars: 100

MECHANICAL SAMPLER: HS & S 3-Stage Mechanical

METHOD OF MINING:	Surface
SAMPLING / ANALYSIS	The coal is to be sampled at origin using the HS & S 3-stage mechanical sampler. The governing sample is to be taken and prepared according to ASTM procedures. An independent third party, certified laboratory selected according to mutual agreement will conduct the analytical results of the sample. The current laboratory is SGS/ Commercial Testing and Engineering, Charleston, WV.
QUALITY PREMIUM / PENALTY:	The calorific value adjusted price for coal will be calculated as follows: The "as received" calorific value shall be divided by the guaranteed calorific value. The resulting quotient, greater than or less than 1.00 shall be multiplied by the f.o.b. mine price of the coal to determine the premium or penalty adjusted price of the coal. The premium/ penalty will be calculated on an individual train basis.
GOVERNMENTAL IMPOSITION:	The Base Price includes costs of compliance with all governmental legislation and regulation as of January 1, 2005. If Seller incurs any new cost, which to the imposition of governmental legislation or regulation, or any changes in the interpretation and enforcement of existing governmental requirements after January 1, 2005, that impose or change in operating cost, tax, assessment or other governmental charge, the Base Price will be adjusted for such changes in cost.
RAILROAD:	CSXT
WEIGHTS:	At origin via the certified Kanawha Batch Weighing System
PAYMENT INFORMATION: (Via Wire Transfer)	Horizon Natural Resources Sales Co. Provident Bank Account: 0467-995 ABA: 042000424
OTHER TERMS and CONDITIONS:	Acceptance of this proposal is strictly limited to the terms of the proposal. All other terms subject to mutual agreement.

QUOTATION EXPIRATION:

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. Any such agreement resulting from this proposal shall be subject to approval by the Horizon Board and bankruptcy court. This offer shall remain open for the acceptance until **5 P.M on Friday, June 11, 2004**, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

We thank you for the opportunity to submit this quotation and look forward to receiving your favorable response.

Respectfully,

Timothy V. Monson

Timothy V. Monson
Vice President

#PF24102
Attachments: 5
pc: BR, KY

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 1 OF 3

PRODUCER NAME: HORIZON NATURAL RESOURCES SALES Co,			
STREET ADDRESS: 2000 ASHLAND DRIVE, ASHLAND, KY 4			
CONTACT: TIM HONSON	TELEPHONE NO. 859-219-1250		
MINE(S): EVERGREEN BOM DISTRICT: 8	COUNTY: WEBSTER	STATE: WV	
ORIGIN RAILROAD(S)/DISTRICT: EK ___ CV ___ Big Sandy ___ Other Gauley North	RR TIPPLE DESIGNATION/NUMBER: 78 420		
TYPE OF LOADING FACILITY: UNIT TRAIN: X	SINGLE CAR: ___	TRAINLOAD: ___	
MAXIMUM LOADING CAPACITY: 10,000 TONS	4 - HOURS	___ TRACK CAPACITY	
WATER DELIVERY CAPABILITY: ___ YES X NO	IMPORT COAL: LOAD PORT ___		
SHIP THROUGH: ___ DOCK	LOAD RATE: ___		
TOTAL PRODUCTION CAPACITY PER MONTH: 250K TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 125K TONS			
TYPE OF MINE: — % DEEP	100 % STRIP	— % AUGER	
SEAMS: Upper + lower Clarion, K; HANNING	BLEND RATIOS: Various		
COAL PREPARATION: ___ RAW	___ WASHED	X COMBINATION	
TYPE OF COAL WASHER, IF WASHED: HEAVY MEDIA			
TYPE OF COAL SAMPLING: HS&S-3-STAGE, Gammametrics			
TYPE OF LABOR CONTRACT(S): NON-UNION	DATE FOR RENEGOTIATION: N/A		
TYPE OF COAL WEIGHING: KANAWHA BATCH WEIGH SYSTEM	SCALE CERTIFIED? X YES ___ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
1-1-2005 - 2006 - 12-31-2007	500,000 TPY - Pro RATA	[redacted] XY

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: SEE Letter Attachment for 2006 - 2007 Pricing

CREDIT REFERENCES (Minimum two):

Provident BANK, Cincinnati, OH, Paula Carroll 513-639-5469

WAYNE Supply, Ashland, Ky Charles SPRADLIN 606-928-3444

CUSTOMER REFERENCES (Minimum four):

ANKER ENERGY Corp. Morgantown, WV

CRIMSON COAL Lexington, KY

PENNSYLVANIA POWER + Light (PP+L) Allentown, PA

SIGNATURE: Timothy V. Monson	TITLE: Vice President	DATE: 5-11-04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15038
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727824-6570
FAX NO. 727824-6891

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	5.50	8.00 [4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	12.50	13.00 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.00	2.10	2.1 LB/MAX.[1]
BTU/LB	12,450	12,300 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2,650 [4]	2,500 MIN.
VOLATILE %	32.00	31.00 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45 +/- 3	45 +/- 3 [4]	42 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	45.0	45% MAX.[4]
FIXED CARBON %	51.0		———
HYDROGEN %	4.18		———
NITROGEN %	1.40		———
CHLORINE %	0.13		———
OXYGEN %	6.18		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT Typical			Typical TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.10		Antimony	< 2.0	
SiO_2			Arsenic	5.0	
Fe_2O_3	3.96		Beryllium	2.0	
Al_2O_3	28.48		Cadmium	< 2.0	
TiO_2	1.63		Chromium	28.0	
CaO	0.75		Cobalt	14.0	
MgO	0.71		Fluorine		
SO_3	0.31		Lead	13.0	
K_2O	2.60		Lithium	23.0	
Na_2O	0.20		Manganese	78.0	
Undetermined	4.17		Mercury	0.13	
Base/Acid Ratio	0.13		Nickel	21.0	
Maximum Base/Acid Ratio			Selenium	< 2.0	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	5.50	8.00 [4]	8.0% MAX.
SURFACE MOISTURE %	1		5.0% MAX.
ASH %	12.50	13.00 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.0	2.10	2.1 LB/MAX.[1]
BTU/LB	12. 50	12,300 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2,700	2650 [4]	2,500 MIN.
VOLATILE %	32.00	31.00 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45 +/- 3	45 +/- 3 [4]	42 MIN.[3]
SIZE	2" X 0"	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45%	45%	45% MAX.[5]
FIXED CARBON %	51.0		———
HYDROGEN %	4.18		———
NITROGEN %	1.40		———
CHLORINE %	0.13		———
OXYGEN %	6.18		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT Typical

DESCRIPTION	AVERAGE	STD. DEV.
P_2O_5	0.10	
SiO_2		
Fe_2O_3	3.96	
Al_2O_3	28.48	
TiO_2	1.63	
CaO	0.75	
MgO	0.71	
SO_3	0.31	
K_2O	2.60	
Na_2O	0.20	
Undetermined	4.17	
Base/Acid Ratio	0.13	
Maximum Base/Acid Ratio		

Typical TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD DEV.
Antimony	< 2.0	
Arsenic	5.0	
Beryllium	2.0	
Cadmium	< 2.0	
Chromium	28.0	
Cobalt	14.0	
Fluorine		
Lead	13.0	
Lithium	23.0	
Manganese	78.0	
Mercury	0.13	
Nickel	21.0	
Selenium	< 2.0	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

SGS

ADDRESS ALL CORRESPONDENCE TO:
COMMERCIAL TESTING & ENGINEERING CO.
P.O. BOX 808
CHARLESTON, WV 25323
TEL: (304) 925-6631
FAX: (304) 925-6677

November 7, 2003

CRIMSON COAL CORPORATION
166 PROSPEROUS PLACE
SUITE 200
LEXINGTON KY 40509
865-966-4697

Sample identification by
EVERGREEN MINING COMPANY

SAMPLE ID:

Kind of sample reported to us COAL

Sample taken at --

Sample taken by EVERGREEN MINING COMPANY

Date sampled ------

Date received November 4, 2003

Analysis Report No. 61-094557

ANALYSIS OF ASH	WEIGHT %, DRY BASIS
Silicon dioxide	55.40
Aluminum oxide	30.00
Titanium dioxide	2.01
Iron oxide	7.62
Calcium oxide	0.83
Magnesium oxide	0.61
Potassium oxide	2.38
Sodium oxide	0.22
Sulfur trioxide	0.26
Phosphorus pentoxide	0.10
Strontium oxide	0.05
Barium oxide	0.06
Manganese oxide	0.06
Undetermined	0.40
	100.00

Silica Value = 85.94
Base:Acid Ratio = 0.13
T_{250} Temperature = 2900+ °F

Type of Ash = BITUMINOUS
Fouling Index = 0.03
Slagging Index = 0.16

MEMBER ACIL

Respectfully submitted,
COMMERCIAL TESTING & ENGINEERING CO.

R Barker

Charleston Laboratory

SGS

ADDRESS ALL CORRESPONDENCE TO:
COMMERCIAL TESTING & ENGINEERING CO.
P.O. BOX 806
CHARLESTON, WV 25323
TEL: (304) 925-6831
FAX: (304) 925-8877

November 7, 2003

CRINSON COAL CORPORATION
166 PROSPEROUS PLACE
SUITE 200
LEXINGTON KY 40509
865-966-4697

Sample identification by
EVERGREEN MINING COMPANY

SAMPLE ID:

Kind of sample COAL
reported to us

Sample taken at --

Sample taken by EVERGREEN MINING COMPANY

Date sampled ------

Date received November 4, 2003

Analysis Report No. 61-094557

PROXIMATE ANALYSIS	As Received	Dry Basis
% Moisture	4.24	xxxxx
% Ash	12.18	12.72
% Volatile	32.04	33.46
% Fixed Carbon	51.54	53.82
	100.00	100.00
Btu/lb	12562	13118
% Sulfur	1.15	1.20
MAF Btu		15030
SO_2 lb/mill. Btu @ 100%	1.83	
Alk. as Sodium Oxide	0.22	0.23

ULTIMATE ANALYSIS	As Received	Dry Basis
% Moisture	4.24	xxxxx
% Carbon	70.67	73.80
% Hydrogen	4.18	4.37
% Nitrogen	1.40	1.46
% Sulfur	1.15	1.20
% Ash	12.18	12.72
% Oxygen(diff)	6.18	6.45
	100.00	100.00

GRINDABILITY INDEX = 48

MEMBER ACIL

Respectfully submitted,
COMMERCIAL TESTING & ENGINEERING CO.

R Barker
Charleston Laboratory

HORIZON
Natural Resources

Lexington, Kentucky 40513
Phone: (859) 219-1250
Fax: (859) 219-2031
Cell: (606) 923-2932
E-Mail: tmonson@ insightbb.com

May 11, 2004

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

Dear Mrs. Ott:

Horizon Natural Resources Sales Company is pleased to submit its coal quotation from its Leslie Resources Inc. to the Progress Fuels Corporation for Crystal River Units 1 and 2 in accordance with the following terms and conditions.

SELLER:	Horizon Natural Resources Sales Company 2000 Ashland Drive Ashland, KY 41101
FEDERAL TAX I.D.	61-1331912
PRODUCER:	Leslie Resources, Inc. 1021 Tori Drive Hazard, KY 41701
QUANTITY:	500,000 tons per year at a rate of approximately (4) four trains per month.
TERM:	January 1 through December 31, 2005 with "a price re-opener for 2006 and 2007.
PRICE (F.O.B. Origin)*:	[redacted] per net ton, fixed for calendar 2005.

*** Pricing for CY 2006 and CY 2007 would be determined as follows:**

The price for coal during calendar year 2006 shall be equal to the 2005 contract price, unless **either party** requests in writing on or before

August 1, 2005 to re-negotiate such price. If renegotiation is requested and the parties agree on a new price, that price shall take effect on January 1, 2006. If, however, the parties are unable to agree on the 2006 price by September 15, 2005, then on or before September 30, 2005: (a) Seller would have the right to cause the agreement to be extended through 2006 by stipulating a 2006 contract price equal to the 2005 contract price minus ten percent (10%), by written notice to Progress Fuels Corporation or (b) Progress Fuels Corporation would have the right to cause the agreement to be extended as set forth above by stipulating a 2006 contract price being equal to the 2005 contract price plus ten percent (10%), by written notice to Seller. If neither Buyer nor Seller elects to lock in the agreement as set forth above on or before September 30, 2005, the agreement shall expire at 11:59 p.m., E.S.T., on December 31, 2005.

THE SAME LANGUAGE WOULD APPLY FOR THE 2007 PRICING MECHANISM, USING THE 2006 PRICE AS THE BASE!

QUALITY "As Received"

Moisture	8.00%
Ash	13.00%
Sulfur	1.27%
SO_2/Lbs.MMBTU	2.1 Lbs max. (To Govern)
Volatile	31.00% minimum
Heating Value .	12,100 minimum
Fusion, Red. F.	
Softening (H=W)	2700
Hardgrove Index	42 +/- 3
Size	2" X 0"
Fines<1/4"	45.0% maximum

SHIPPING POINT:

Typo
CSX RR
Hazard District
Origin, CSX#42621
Loading Time: 4 Hrs.
Loaded Cars: 110

MECHANICAL SAMPLER: Redding 3-Stage Mechanical

METHOD OF MINING:	Surface
SAMPLING / ANALYSIS	The coal is to be sampled at origin using the Redding 3-stage mechanical sampler. The governing sample is to be taken and prepared according to ASTM procedures. An independent third party, certified laboratory selected according to mutual agreement will conduct the analytical results of the sample. The current laboratory is Mineral Labs, Salyersville, KY.
QUALITY PREMIUM / PENALTY:	The calorific value adjusted price for coal will be calculated as follows: The "as received" calorific value shall be divided by the guaranteed calorific value. The resulting quotient, greater than or less than 1.00 shall be multiplied by the f.o.b. mine price of the coal to determine the premium or penalty adjusted price of the coal. The premium/ penalty will be calculated on an individual train basis.
GOVERNMENTAL IMPOSITION:	The Base Price includes costs of compliance with all governmental legislation and regulation as of January 1, 2005. If Seller incurs any new cost, which to the imposition of governmental legislation or regulation, or any changes in the interpretation and enforcement of existing governmental requirements after January 1, 2005, that impose or change in operating cost, tax, assessment or other governmental charge, the Base Price will be adjusted for such changes in cost.
RAILROAD:	CSXT
WEIGHTS:	At origin via the certified Kanawha Batch Weighing System
PAYMENT INFORMATION: (Via Wire Transfer)	Horizon Natural Resources Sales Co. Provident Bank Account: 0467-995 ABA: 042000424
OTHER TERMS and CONDITIONS:	Acceptance of this proposal is strictly limited to the terms of the proposal. All other terms subject to mutual agreement.

QUOTATION EXPIRATION:

This offer is made subject to the prior sale of the coal and to our credit approval of the Buyer. Any such agreement resulting from this proposal shall be subject to approval by the Horizon Board and bankruptcy court. **This offer shall remain open for** the acceptance until **5 P.M on Friday, June 11, 2004**, at which time it shall be deemed revoked if Buyer has not given Seller written notice of acceptance.

We thank you for the opportunity to submit this quotation and look forward to receiving your favorable response.

Respectfully,



Timothy V. Monson
Vice President

#PF24096
Attachments: 6
pc: BR, KY

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Horizon Natural Resources Sales Co.			
STREET ADDRESS: 2000 Ashland Drive, Ashland, KY 41101			
CONTACT: Tim Monson		TELEPHONE NO. 859-219-1250	
MINE(S):	BOM DISTRICT: 8	COUNTY: Perry	STATE: Ky
ORIGIN RAILROAD(S)/DISTRICT: EK___ CV___ Big Sandy___ Other: Hazard		RR TIPPLE DESIGNATION/NUMBER: 42621	
TYPE OF LOADING FACILITY: UNIT TRAIN: 4 Hour	SINGLE CAR:	TRAINLOAD:	
MAXIMUM LOADING CAPACITY: 10,000 TONS	4- HOURS	110 TRACK CAPACITY	
WATER DELIVERY CAPABILITY: X YES ___ NO	IMPORT COAL: LOAD PORT		
SHIP THROUGH: TTI DOCK	LOAD RATE:		
TOTAL PRODUCTION CAPACITY PER MONTH: 525K TONS			
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 200K TONS			
TYPE OF MINE: — % DEEP	100 % STRIP	— % AUGER	
SEAMS: Hazard 5, 7, 8 & 9	BLEND RATIOS: Various		
COAL PREPARATION: 100 RAW	— WASHED	___ COMBINATION	
TYPE OF COAL WASHER, IF WASHED: N/A			
TYPE OF COAL SAMPLING: Redding 3-Stage			
TYPE OF LABOR CONTRACT(S): Non Union	DATE FOR RENEGOTIATION:		
TYPE OF COAL WEIGHING: Kmanwha Batch Weigh System	SCALE CERTIFIED? X YES ___ NO		

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
2005-06-07	500,000 TPM - ProRata	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: SEE LETTER ATTACHMENT FOR 2006 & 2007 Pricing

CREDIT REFERENCES (Minimum two):

Provident Bank, Cincinnati, OH Paula Carroll 513-639-5469

Whayne Supply, Ashland, KY Charles Spradlin 606-928-3444

CUSTOMER REFERENCES (Minimum four):

Dayton Power & Light	Dayton, ON
Duke	Charlotte, NC
Consumers Energy	Jackson, MI
Georgia Power Company	Birmingham, AL

SIGNATURE: Timothy V. Monson TITLE: Vice President DATE: 5-11-04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15826
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6681

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 3 OF 3

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.00	8.00 [4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	12.00	13.00 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.00	2.10	2.1 LB/MAX.[1]
BTU/LB	12,200	12,100 [4]	12,000 LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2650 [4]	2,500 MIN.
VOLATILE %	32.00	31.00 [4]	31.0% MIN.[3]
GRINDABILITY, HARDGROVE	42	42 +/- 3 [4]	42 MIN.[3]
SIZE	2"x0"	2"x0"	2"X0"
FINES (-1/4" X 0")	40%	45	45% MAX.[5]
FIXED CARBON %	49.00		———
HYDROGEN %	4.60		———
NITROGEN %	1.36		———
CHLORINE %	0.12		———
OXYGEN %	5.50		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT Typical

DESCRIPTION	AVERAGE	STD. DEV.
P_2O_5	0.51	
SiO_2	0.65	
Fe_2O_3	5.43	
Al_2O_3	29.65	
TiO_2	1.11	
CaO	2.07	
MgO	0.85	
SO_3		
K_2O	1.98	
Na_2O	0.34	
Undetermined	2.84	
Base/Acid Ratio		
Maximum Base/Acid Ratio		

Typical TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD DEV.
Antimony	0.62	
Arsenic	6.03	
Beryllium	1.44	
Cadmium	0.11	
Chromium	23.81	
Cobalt	4.44	
Fluorine	45.32	
Lead	7.83	
Lithium	25.01	
Manganese	15.90	
Mercury	0.16	
Nickel	6.97	
Selenium	2.24	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.00	8.00 [4]	8.0% MAX.
SURFACE MOISTURE %			5.0% MAX.
ASH %	12.00	13.00 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	2.00	2.10	2.1 LB/MAX.[3]
BTU/LB	12,200	12,100 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2 [4]	2,500 MIN.
VOLATILE %	32.00	31.00 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	42 +/- 3	42 +/- 3 [4]	42 MIN.[3]
SIZE	2" x 0"	2" x 0"	2" X 0"
FINES (-1/4" X 0")	40%	45%	45% MAX.[4]
FIXED CARBON %	49.00		———
HYDROGEN %	4.60		———
NITROGEN %	1.36		———
CHLORINE %	0.12		———
OXYGEN %	5.50		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
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MINERAL ANALYSIS %WEIGHT "Typical"

DESCRIPTION	AVERAGE	STD. DEV.
P_2O_5	0.51	
SiO_2	0.65	
Fe_2O_3	5.43	
Al_2O_3	29.65	
TiO_2	1.11	
CaO	2.07	
MgO	0.85	
SO_3		
K_2O	1.98	
Na_2O	0.34	
Undetermined	2.84	
Base/Acid Ratio		
Maximum Base/Acid Ratio		

Typical TRACE ELEMENTS PPM IN COAL

DESCRIPTION	AVERAGE	STD DEV.
Antimony	0.62	
Arsenic	6.03	
Beryllium	1.44	
Cadmium	0.11	
Chromium	23.81	
Cobalt	4.44	
Fluorine	45.32	
Lead	7.83	
Lithium	25.01	
Manganese	15.90	
Mercury	0.16	
Nickel	6.97	
Selenium	2.24	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

MINERAL LABS, INC.
Box 549
Salyersville, Kentucky 41465
Phone (606) 349-6145

COMPANY REQUESTING ANALYSIS:

Date Analyzed: 3/07/03 Y

Lab No.: 013031579 4586

Sample Taken By: CUSTOMER

ADDINGTON M./LESLIE
2000 ASHLAND DRIVE
ATTN: KIPP BEAVER
ASHLAND, KY. 41101 7058

Sample I.D.:

PO TIPPLE;
MERCURY=0.05 PPM DRY

FLOURINE=45.32 PPM DRY;

PROXIMATE ANALYSIS	As Received	Dry Basis	M.A.F B.T.U.
% Moisture	7.75		
% Ash	10.71	11.61	
% Volatile	32.40	35.12	
% Fixed Carbon	49.14	53.27	
B.T.U.	12,248	13,277	15,020
% Sulfur	1.10	1.19	

ULTIMATE ANALYSIS	As Received	Dry Basis
Moisture	7.75	
Carbon	68.70	74.47
Hydrogen	4.70	5.10
Nitrogen	1.34	1.45
Chlorine	0.12	0.13
Sulfur	1.10	1.19
Ash	10.71	11.61
Oxygen (diff.)	5.58	6.05

- SULFUR FORMS -		
% Pyritic Sulfur	0.38	0.41
% Sulfate Sulfur	0.03	0.03
% Organic Sulfur	0.69	0.75
% Total Sulfur	1.10	1.19
T-250 Temp. of Ash	XXX	XXX

- FUSION TEMPERATURE OF ASH -	Reducing	Oxidizing
Initial	2700+ °F	XXX °F
Softening	2700+ °F	XXX °F
Hemispherical	2700+ °F	XXX °F
Fluid	2700+ °F	XXX °F

- MINERAL ANALYSIS -	% Wt. Ignited Basis
Phos. pentoxide, P_2O_5	0.51
Silica, SiO_2	54.57
Ferric oxide, Fe_2O_3	5.43
Alumina, Al_2O_3	29.65
Titania, TiO_2	1.11
Lime, CaO	2.07
Magnesia, MgO	0.85
Sulfur trioxide, SO_3	0.65
Potassium oxide, K_2O	1.98
Sodium oxide, Na_2O	0.34
Undetermined	2.84

Base/Acid Ratio XXX

% Mercury XXX

Water Soluable Alkalies

As Na_2O XXX

As K_2O XXX

- HARDGROVE GRINDABILITY INDEX 46

- FREE SWELLING INDEX XXX

- EQUILIBRIUM MOISTURE XXX

5030838

Submitted By

Box 549, Salyersville, Kentucky 41465, (606) 349-6145
Fax (606) 349-6106

Date: JAN 06, 2000

Lab Nbr.: 010010842

N MINING-TYPO/LESLIE
H BIG RUN ROAD
KY 41102

.D. :TYPO; JOB -30; 9-TOP CAN #11, ROM

TRACE ELEMENT ANALYSIS (PPM)
DRY WHOLE COAL BASIS

Antimony	0.62
Arsenic	6.03
Barium	30.55
Beryllium	1.44
Cadmium	0.11
Cobalt	4.44
Copper	16.30
Lead	7.83
Lithium	25.01
Manganese	15.90
Mercury	0.16
Molybdenum	1.53
Nickel	6.97
Selenium	2.24
Thallium	1.61
Total Chromium	23.81
Vanadium	30.36
Zinc	5.40
Fluorine	N/A
Chlorine	N/A
Bromine	N/A
Iodine	N/A

ement Analysis (ppm)

Submitted By

Box 549, Salyersville, Kentucky 41465 (606) 349-6145
Fax (606) 349-6106

MLI
MINERAL LABS, INC.

Date: JAN 06, 2000

Lab Nbr.: 010010848

ADDINGTON MINING-TYPO/LESLIE
1500 NOTH BIG RUN ROAD
ASHLAND, KY 41102

SAMPLE I.D. :TYPO; JOB -46; 7-BOTTOM CAN #16,ROM

TRACE ELEMENT ANALYSIS (PPM)
DRY WHOLE COAL BASIS

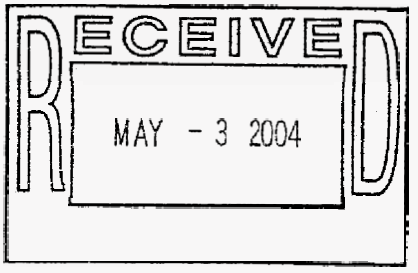
Antimony	0.32
Arsenic	2.88
Barium	92.60
Beryllium	2.94
Cadmium	0.06
Cobalt	5.11
Copper	14.26
Lead	4.05
Lithium	11.97
Manganese	11.26
Mercury	0.08
Molybdenum	0.81
Nickel	8.64
Selenium	1.16
Thallium	0.92
Total Chromium	12.80
Vanadium	17.77
Zinc	5.48
Fluorine	N/A
Chlorine	N/A
Bromine	N/A
Iodine	N/A

Trace Element Analysis (ppm)

Submitted By

JAMES RIVER COAL SALES, INC.
901 EAST BYRD STREET
SUITE 1600
RICHMOND, VIRGINIA 23219-4080
804-780-3003

MARK W. DOOLEY
EXECUTIVE VICE PRESIDENT & COO



April 27, 2004

Mrs. Robin Ott
Progress Fuels Corporation
P. O. Box 15208
St. Petersburg, Florida 33733

RE: Request for Proposal
Dated April 12, 2004

Dear Mrs. Ott:

James River Coal Sales appreciates the opportunity to submit a proposal for your coal requirements for your Crystal River Units 1 and 2. However, we are currently unable to submit a proposal. We do wish to remain on your bidders list and if the situation regarding our coal supply should change we will gladly let you know.

Sincerely,

Mark W. Dooley

MWD/jyt

Kennecott Energy Company
505 South Gillette Avenue (82716)
Post Office Box 3009
Gillette, Wyoming 82717-3009
Phone: (307) 687-6000
Fax: (307) 687-6015

May 11, 2004

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

Dear Mrs. Ott:

Kennecott Energy Company is pleased to respond to your request to supply a portion of Progress Energy's requirements for the Crystal River Units 1 and 2 for the years 2005, 2006 and 2007. The following coal offered represents a blended coal from Kennecott Energy's Spring Creek mine located in Decker, Montana and Knight Hawk Coal LLC Creek Paum Mine located in Ava, Illinois.

COAL OFFERED

Origin

Seventy-five percent Spring Creek Coal –Big Horn County, Montana
Twenty-five percent Knight Hawk Coal – Ava, Illinois

Delivery Point

FOB Barge - Cahokia Terminal located in St. Louis, Missouri

Term/Quantity/Base Price

January 1, 2005 – December 31, 2007

Term	Quantity (To the nearest unit train.)	Price
2005	200,000 Tons	[redacted]
2006	400,000 Tons	*
2007	400,000 Tons	*

Prices are pnt FOB Barge Cahokia Terminal, St. Louis, Missouri based on coal having a standard heating value of **9,963 Btu/lb and a standard sulfur value of 1.18 lbs. SO_2/MMBtu.** The Base Prices include Kennecott's best estimate of all Third Party costs as defined in Adjustment Provisions hereinbelow as of May 11, 2004. The standard heating and sulfur values are for price adjustment purposes only. The price shall be subject to adjustment for variations in the monthly weighted average calorific value from the standard heating value on an FOB mine basis and for variation in SO_2 content from the standard sulfur value in accordance with a mutually agreed upon SO_2 adjustment provision.

* The transportation component of [redacted] will escalate based on 100% of the RCAF-U on a quarterly basis and a fuel surcharge adjustment monthly.

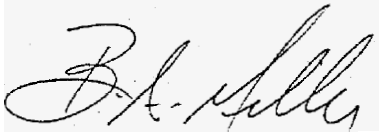
Typical Quality (Annual Average)

Typical Values	2005 - 2007
Btu	9,963
Moisture	13.22%
Ash	5.0%
Sulfur (Lbs. SO_2/mmBtu)	1.18
Sodium (Na2O)	5.00%

Adjustment Provisions	Third Party Cost & New Laws Adjustments Third party costs include any and all taxes, fees, royalties, and governmental impositions paid to third parties on or attributable to the production of coal. Any change in these items from May 11, 2004, either up or down, will be passed on to Buyer. A change could be a change in rate changes resulting from a new law or regulation or change in interpretation (or estimate by Seller of impact) of an existing law or regulation on a federal, state or local level. The adjustments will be passed through as of the date of the actual change resulting in such adjustments.
Sampling & Analysis	In accordance with ASTM standards for Spring Creek Coal Company.
Data Transmission	As mutually agreed upon.
Delivery Schedule	As mutually agreed upon.
Weights	In accordance with Kennecott Energy and Knight Hawk Coal "certified" mine weights.
Terms & Conditions	This offer is considered proprietary and confidential; it should not be divulged to third parties without the express written approval of Kennecott Energy Company. **Specific terms and conditions of a prospective agreement are subject to mutual agreement. Attached is a Master Coal Purchase and Sale Agreement that will represent a starting point for discussions. Coal is offered subject to prior sale and availability and in any event, this offer will expire after May 17, 2004,** unless negotiations leading to a definitive agreement have commenced by that date; in which case the offer may be extended. **Acceptance of this offer must be received, in writing, no later than 5:00 PM MDT on or before May 17, 2004.** This offer and Kennecott Energy Company's obligation to enter into a coal supply agreement is subject to Kennecott Energy Company's internal credit review and approval.

We appreciate this opportunity to supply a portion of your coal requirements. If you have any questions or comments, please contact me at 307.685.6114.

Sincerely,



Bruce A. Miller
Manager, Origination and Structured Products

BAM:ksn

N:\GCC_MKTG\PROPOSAL\2004 Domestic\Spring Creek\Progress Energy_05-11-04.doc

Knight Hawk
Creek Paum Mine
2003QUALITY SPECIFICATIONS

Trainload reject parameters: 11000 BTU; 8.0 lbs SO2 per mm

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 9! -2 STD DEV
PROXIMATE			
% Moisture	13.22		
% Ash	5.11		
% Volatile	3.00		
% Fixed Carbon	32.61		
BTU/lb	11900		
MAFBTU	14571		
Dry BTU	13713		
% Sulfur	1.28		
ULTIMATE			
% Moisture	13.22		
% Carbon	67.46		
% Hydrogen	4.71		
% Nitrogen	1.54		
% Chlorine	<0.01		
% Sulfur	1.28		
% Ash	5.11		
% Oxygen	6.67		
SULFUR FORMS			
Pyritic Sulfur (%)	0.64		
Sulfate Sulfur (%)	0.03		
Organic Sulfur (%)	0.61		
Total Sulfur (%)	1.28		
MINERAL ANALYSIS OF ASH			
% Silicon Dioxide (Silica, SiO2)	46.79		
% Aluminum Oxide (Alumina, Al2O3)	21.42		
% Titanium Dioxide (Titania, TiO2)	1.18		
% Iron Oxide (Ferric Oxide, Fe2O3)	20.96		
% Calcium Oxide (Lime, CaO)	2.59		
% Magnesium Oxide (Magnesia, MgO)	0.94		

% Potassium Oxide (K2O)	2.86
% Sodium Oxide (Na2O)	0.61
% Sulfur Trioxide (SO3)	1.16
% Phosphorous Pentoxide (P2O5)	0.69
% Strontium Oxide (SrO)	0.10
% Barium Oxide (BaO)	0.05
% Undetermined	0.63
Base/Acid Ratio	0.40
Base Value	
Acid Value	

ASH FUSION TEMPERATURES

Reducing (^{O}F)	
Initial	1965
Softening (H=W)	2010
Hemispherical (H=1/2W)	2060
Fluid	2180
Fluid-Initial Temp. Difference	215

Oxidizing (^{O}F)	
Initial	2430
Softening (H=W)	2480
Hemispherical (H=1/2W)	2500
Fluid	2550
Fluid-Initial Temp. Difference	120

Knight Hawk
QUALITY SPECIFICATIONS (Continued)

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 9! -2 STD DEV
ADDITIONAL ANALYSES AND CALCULATED VALUES			
T250 Temperature (^{O}F)	2408		
HGI (at as-received moisture)	52		
HGI % Moisture			
Critical Viscosity Temperature (^{O}F)			
Critical Viscosity (Poises)			
% Equilibrium Moisture			
Specific Gravity			
%Alkalies NA2O Dry (Total Alkali Content on Coal)			
%Water Soluble Alk - Na2O			
%Water Soluble Alk - K2O			

%Na2O - Dry Coal	
%Na2O As-received Coal	
Silica Value (Silica Ratio)	65.64
Slag Factor	0.59
Slag factor per Fusion Temperature	
Dolomite Ratio	
Ash Precipitation Index	
Silica to Alumina Ratio	
Calcium to Silica Ratio	
Iron to Calcium Ratio	
Fouling Factor (Fouling Index)	0.24
SO2/MMBTU	2.15
lbs S/MMBTU	1.08
lbs Sodium/MMBTU	0.026
lbs Ash/MMBTU	4.29

TYPICAL COAL SIZE 2 inch

Size Fraction	Wt. Percent	Cumulative Wt. Percent
+3" RD.		
3" RD. x 2" RD.		
2" RD. x 1" RD.		
1" RD. x 1/2" RD.		
1/2" RD. x 4 M		
4 M x 60 M		
60 M x 0		

TRACE ELEMENT SUMMARY

Parts Per Million Whole Coal, Dry Basis	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 9! -2 STD DEV
ANTIMONY (Sb)			
ARSENIC (As)			
BARIUM (Ba)			
BERYLLIUM (Be)			
BORON (B)			
BROMIDE (Br)			
CADMIUM (Cd)			
CHLORINE (Cl)			
CHROMIUM (Cr)			
COBALT (Co)			
COPPER (Cu)			
FLUORINE (F)			
LITHIUM (Li)			
MANGANESE Mn)			
MERCURY (Hg)			
MOLYBDNEUM (Mo)			
NICKEL (Ni)			
LEAD (Pb)			
SELENUIM (Se)			
SILVER (Ag)			
STRONTIUM (Sr)			

THALLIUM (Tl)
THORIUM (Th)
TIN (Sn)
URANIUM (U)
VANADIUM (V)
ZIRCONIUM (Zr)
ZINC (Zn)

*** All negative numbers were converted to 0.00**

SPRING CREEK COAL MINE
2005 QUALITY SPECIFICATIONS

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	TYPICAL 95% RANGE +2 STD DEV	TYPICAL DRY VALUE	TYPICAL MOISTURE-ASH FREE VALUE
PROXIMATE						
% Moisture	25.40	0.56	24.28	26.52		
% Ash	4.12	0.33	3.46	4.78	5.52	
% Volatile	31.26	0.81	29.64	32.88	41.90	44.35
% Fixed Carbon	39.23	0.80	37.63	40.83	52.59	55.66
BTU/lb	9350	103	9144	9556	12534	13266
MAFBTU	13266	80.08	13106	13426		
Dry BTU	12534	93.71	12346	12721		
% Sulfur	0.34	0.07	0.20	0.48	0.46	0.48
ULTIMATE						
% Moisture	25.40	0.56	24.28	26.52		
% Carbon	54.14	3.28	47.58	60.70	72.57	76.82
% Hydrogen	3.80	0.23	3.34	4.26	5.09	5.39
% Nitrogen	0.71	0.09	0.53	0.89	0.95	1.01
% Chlorine	0.00	0.01	0.00	0.01	0.00	0.00
% Sulfur	0.34	0.07	0.20	0.48	0.46	0.48
% Ash	4.12	0.33	3.46	4.78		
% Oxygen	11.50	0.70	10.10	12.90	15.42	16.32
SULFUR FORMS						
Pyritic Sulfur (%)	0.05	0.03	0.00	0.11	0.07	0.07
Sulfate Sulfur (%)	0.01	0.015	0.00	0.04	0.01	0.01
Organic Sulfur (%)	0.28	0.06	0.16	0.40	0.38	0.40
Total Sulfur (%)	0.34	0.07	0.20	0.48	0.46	0.48
MINERAL ANALYSIS OF ASH						
% Silicon Dioxide (Silica, SiO2)	32.52	2.78	26.96	38.08	43.59	46.14
% Aluminum Oxide (Alumina, Al2O3)	17.69	1.09	15.51	19.87	23.71	25.10
% Titanium Dioxide (Titania, TiO2)	1.13	0.10	0.93	1.33	1.51	1.60
% Iron Oxide (Ferric Oxide, Fe2O3)	4.76	0.47	3.82	5.70	6.38	6.75
% Calcium Oxide (Lime, CaO)	15.36	1.41	12.54	18.18	20.59	21.79
% Magnesium Oxide (Magnesia, MgO)	3.69	0.85	1.99	5.39	4.95	5.24
% Potassium Oxide (K2O)	0.63	0.14	0.35	0.91	0.84	0.89
% Sodium Oxide (Na2O)	8.24	1.00	6.24	10.24	11.05	11.69
% Sulfur Trioxide (SO3)	14.07	2.50	9.07	19.07	18.86	19.96
% Phosphorous Pentoxide (P2O5)	0.35	0.06	0.23	0.47	0.47	0.50
% Strontium Oxide (SrO)	0.37	0.22	0.00	0.81	0.50	0.52
% Barium Oxide (BaO)	1.19	0.31	0.57	1.81	1.60	1.69
% Undetermined	0.00	1.00	0.00	2.00	0.00	0.00
Base/Acid Ratio	0.64	0.08	0.48	0.80		
Base Value	32.68	2.20	28.28	37.08		
Acid Value	51.34	3.00	45.34	57.34		
ASH FUSION TEMPERATURES						
Reducing (°F)						
Initial	2106	37	2031	2181		
Softening (H=W)	2129	36	2056	2202		
Hemispherical (H=1/2W)	2141	39	2062	2220		
Fluid	2164	51	2062	2266		
Fluid-Initial Temp. Difference	58	40	0	138		
Oxidizing (°F)						
Initial	2351	98	2156	2546		
Softening (H=W)	2366	81	2204	2528		
Hemispherical (H=1/2W)	2391	73	2245	2537		
Fluid	2423	77	2268	2578		
Fluid-Initial Temp. Difference	72	60	0	192		

SPRING CREEK COAL MINE
QUALITY SPECIFICATIONS (Continued)

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	+2 STD DEV
ADDITIONAL ANALYSES AND CALCULATED VALUES				
T250 Temperature (°F)	2153	91.88	1969	2337
HGI (at as-received moisture)	60.6	5.6	49	72
HGI % Moisture	24.13	3.88	16	32
Critical Viscosity Temperature (°F)	0	0	0	0
Critical Viscosity (Poises)	0	0	0	0
% Equilibrium Moisture	23.93	0.56	22.81	25.05
Specific Gravity	1.10	0.015	1.07	1.13
%Alkalies NA2O Dry (Total Alkali Content on Coal	0.478	0.070	0.34	0.62
%Water Soluble Alk - Na2O	0.000	0.000	0.00	0.00
%Water Soluble Alk - K2O	0.000	0.000	0.00	0.00
%Na2O - Dry Coal	0.46	0.03	0.40	0.52
%Na2O As-received Coal	0.34	0.02	0.30	0.38
Silica Value (Silica Ratio)	57.73			
Slag Factor	0.28	0.14	0.00	0.56
Slag factor per Fusion Temperature	2163	85	1993	2333
Dolomite Ratio	58.29	3.25	51.79	64.79
Ash Precipitation Index	3.97	10.1	0.00	24.17
Silica to Alumina Ratio	1.84	0.14	1.56	2.12
Calcium to Silica Ratio	0.47	0.34	0.00	1.15
Iron to Calcium Ratio	0.31	0.07	0.17	0.45
Fouling Factor (Fouling Index)	5.25	1.41	2.43	8.07
SO2/MMBTU	0.80	0.075	0.65	0.95
lbs S/MMBTU	0.36	0.075	0.21	0.51
lbs Sodium/MMBTU	0.363	0.023	0.32	0.41
lbs Ash/MMBTU	4.41	0.5	3.41	5.41

TYPICAL COAL SIZE 2 inch

Size Fraction	Wt. Percent	Cumulative Wt. Percent	Wt. Percent Passing Top
+3" RD.	0%	0%	100%
3" RD. x 2" RD.	4%	4%	100%
2" RD. x 1" RD.	20%	24%	96%
1" RD. x 1/2" RD.	28%	52%	76%
1/2" RD. x 4 M	20%	71%	48%
4 M x 60 M	13%	84%	29%
60 M x 0	16%	100%	16%

TRACE ELEMENT SUMMARY

Parts Per Million Whole Coal, Dry Basis	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	+2 STD DEV
ANTIMONY (Sb)	0.00	0.00	0.00	0.00
ARSENIC (As)	1.50	1.00	0.00	3.50
BARIUM (Ba)	0.00	0.00	0.00	0.00
BERYLLIUM (Be)	0.21	0.08	0.06	0.36
BORON (B)	0.00	0.00	0.00	0.00
BROMIDE (Br)	0.00	0.00	0.00	0.00
CADMIUM (Cd)	0.18	0.02	0.14	0.22
CHLORINE (Cl)	0.00	0.00	0.00	0.00
CHROMIUM (Cr)	2.40	0.75	0.90	3.90
COBALT (Co)	0.00	0.00	0.00	0.00
COPPER (Cu)	0.00	0.00	0.00	0.00
FLUORINE (F)	41.90	11.00	19.90	63.90
LITHIUM (Li)	0.00	0.00	0.00	0.00
MANGANESE Mn)	16.20	7.90	0.40	32.00
MERCURY (Hg)	0.07	0.03	0.01	0.13
MOLYBDNEUM (Mo)	0.00	0.00	0.00	0.00
NICKEL (Ni)	1.53	1.00	0.00	3.53
LEAD (Pb)	2.60	1.00	0.60	4.60
SELENUIM (Se)	1.20	0.90	0.00	3.00
SILVER (Ag)	0.00	0.00	0.00	0.00
STRONTIUM (Sr)	0.00	0.00	0.00	0.00
THALLIUM (Tl)	0.00	0.00	0.00	0.00
THORIUM (Th)	0.00	0.00	0.00	0.00
TIN (Sn)	0.00	0.00	0.00	0.00
URANIUM (U)	0.00	0.00	0.00	0.00
VANADIUM (V)	0.00	0.00	0.00	0.00
ZIRCONIUM (Zr)	0.00	0.00	0.00	0.00
ZINC (Zn)	0.00	0.00	0.00	0.00

* All negative numbers were converted to 0.0

Revised 3/29/2000

Spring Creek Coal Company

Spring Creek Coal Company began operations in 1980 with a design capacity of 11.0 million tons per year. Spring Creek has a federal lease consisting of 2,505 acres and a state lease consisting of 642 acres. The current recoverable reserves at the end of 1999 were approximately 221 million tons. Current mining involves a single coal seam 80 feet thick. Mining is carried out primarily by dragline operations.

Mine Name:	Spring Creek Coal Company
Location:	Southeast Montana, Big Horn County, 35 miles from Sheridan, Wyoming U.S.A.
Served by:	Burlington Northern Railroad
Rail Loading Point:	NERCO Junction, Montana
Mine Type:	Surface
Seams:	Anderson-Dietz 1 & 2
Recoverable Reserves:	221 Million Tons
Annual Production Capacity:	11.0 Million Tons
Processed Coal Storage Capacity:	36,000 Tons (Storage Barn)
Weighing System:	Ramsey Engineering conveyor belt scales. Coal is weighed, as it is flood loaded into railcars. Scales certified semi-annually in accordance with the Western Weighing and Inspection Bureau.
Sampling & Analysis:	Ramsey Engineering three-stage mechanical sampling system. On-site, by Commercial Testing & Engineering Laboratories, in accordance with ASTM standards.
Blending Capability:	Coal is simultaneously mined from two or more mining areas and blended as required with additional blending capability from the storage barn.
Loading Rate:	4,000 tons per hour. 113 car train in approximately 4.0 hours.
Load Track Configuration & Capacity:	One mile full loop with two unit-train capacity.
Washing Capability:	None
Dust Suppression:	Chem-Loc 101 is applied to all production at an aggregate rate of 1.2 gallons of diluted chemical per ton of coal. Application occurs throughout the coal handling process and prior to being transferred into the storage barn. Freezeproofing and side-release chemical agents can be applied upon request.
Size:	2" x 0"
Density:	In place: 80 lb./ft^3 Crushed: 55 lb./ft^3
Angle of Repose:	Approximately 3 : 1

Master Coal Purchase and Sale Agreement

between

"CUSTOMER"

and

Kennecott Coal Sales Company

Master Coal Purchase and Sale Agreement Index

Article 1. General Terms and Definitions

Article 2. Term

Article 3. Quantity

Article 4. Delivery and Transportation

Article 5. Title and Risk of Loss; Equipment Damage

Article 6. Coal Quality Specifications

Article 7. Sampling and Analysis

Article 8. Weighing

Article 9. Price and Price Adjustments

Article 10. Invoices, Payments, Netting, Set off, and Credit Ratings

Article 11. Force Majeure

Article 12. Records, Audits, Access

Article 13. Default, Remedies, and Termination

Article 14. Notices

Article 15. Cooperation

Article 16. Warranty, Limitation on Liability, Duty to Mitigate & Indemnification

Article 17. Limitation on Waiver

Article 18. Confidentiality

Article 19. Entirety, Amendments

Article 20. Successors and Assigns

Article 21. Governing Laws

Article 22. Interpretation

Article 23. Resale and Buyer's Obligations

Article 24. Survival

MASTER COAL PURCHASE AND SALE AGREEMENT

This **MASTER COAL PURCHASE AND SALE AGREEMENT** ("Agreement") is entered into and is effective as of the _____ day of _____, 2003, between Kennecott Coal Sales Company ("Kennecott"), an Oregon corporation, and _____ ("_____"), a _____ corporation. Both Kennecott and _____ may be individually referred to herein as a "Party" or collectively as "Parties".

RECITALS

WHEREAS, each Party is engaged in the sale and/or purchase of Powder River Basin ("PRB") Coal or other Coal. The Parties believe it will be mutually beneficial to set the terms and conditions under which such Coal sales and purchases may be made between them.

IN CONSIDERATION of the mutual covenants and promises set forth hereafter, the Parties to this Agreement, intending to legally bind themselves, agree now as follows:

ARTICLE 1. GENERAL TERMS AND DEFINITIONS

1.01 The terms of this Agreement shall govern all purchases and sales of Coal between the Parties (hereinafter "Transactions") or options thereon during the term of this Agreement unless the Parties expressly indicate otherwise. All amendments, modifications, revisions and changes to this Agreement or any related Transaction or option must be in writing and signed by both Parties. If the Parties enter into an option concerning the purchase and/or sale of Coal, the terms and conditions of this Agreement and the Confirmation Letter shall govern the Transaction once the option has been exercised.

1.02 For individual Transactions, the Parties shall enter into a written Confirmation Letter (hereinafter "Confirmation") that sets forth and defines the following: the Buyer, the Seller, the price, price adjustments, quantity, term, quality specifications, mine(s), and any other Transaction-specific provisions mutually agreed upon by the Parties. All Confirmations shall be in writing, signed by both Parties. The Parties intend the provisions of each individual Confirmation and the provisions of this Agreement be construed as one single integrated agreement and that without a written Confirmation the Parties would not otherwise enter into a Transaction. Any inconsistency or conflict between provisions of the individual Confirmation and provisions of this Agreement shall be resolved in favor of any provisions of the Confirmation.

1.03 Each of the following terms when used in this Agreement will have the meaning given to it in this section:

a) "***Actual Btu***" means the monthly ton-weighted average as-received calorific value (stated in Btu/lb.).

b) "***Buyer***" means the Party to a Transaction who is obligated to purchase and receive Coal, or causes Coal to be received.

c) "***Claim***" means all claims or actions threatened or filed that directly or indirectly relate to the subject matter of this Agreement, including but not limited to indemnity, the resulting losses, damages, expenses, reasonable attorneys' fees and costs.

d) "***Coal***" means any and all Coal to be sold by Seller and purchased by Buyer pursuant to the terms and conditions of this Agreement.

e) "***Electronic***" means faxes, telegraphs, emails, and all other forms of electronic data transfer.

f) "***Standard Btu***" means the standard calorific value as set forth in a Confirmation (stated in Btu/lb.) and is the basis for a price adjustment as described in Section 9.03.

g) "***Seller***" means the Party to a Transaction who is obligated to sell and deliver Coal or causes Coal to be delivered.

h) ***"Ton"*** means 2,000 pounds avoirdupois.

i) ***"Loading Provisions"*** means the terms and conditions of Buyer's transportation contracts or excerpts thereof that Seller has reviewed and approved. The Loading Provisions are further described in Section 4.04 and attached as Exhibit A.

ARTICLE 2. TERM

2.01 This Agreement shall begin on the date first set forth above and shall continue in effect until terminated by either Party upon sixty (60) days written notice to the other Party, which right of termination shall be each Party's absolute right to exercise. Termination of this Agreement under this Article shall not affect either Party's rights and obligations with respect to any Transactions that have been agreed to in writing in a Confirmation prior to termination.

ARTICLE 3. QUANTITY

3.01 Buyer shall be obligated to purchase and pay for, and Seller shall be obligated to sell and tender for delivery, the amount of Coal agreed to in a Confirmation, except as may be limited by Article 11 of this Agreement.

3.02 Unless otherwise limited in the Confirmation, Buyer has the right to ship or use the Coal delivered under this Agreement at any location or for any such purpose Buyer designates.

ARTICLE 4. DELIVERY AND TRANSPORTATION

4.01 For each Transaction, Seller agrees to tender to Buyer and Buyer agrees to accept from Seller the quantity of Coal as provided in the relevant Confirmation. Seller shall tender the Coal to Buyer in accordance with reasonable monthly delivery schedules to be submitted by Buyer in accordance with the Agreement and the Confirmation. Schedules shall be based on

a ratable monthly basis unless otherwise agreed to by both Parties. In addition, Buyer shall provide Seller with monthly schedules at least sixty (60) days prior to the beginning of each applicable month. If the Seller objects to a schedule submitted by Buyer, Seller shall notify Buyer of its objections within fifteen (15) days of Seller's receipt of such schedule and the Parties shall work together in good faith to agree on a reasonable and mutually acceptable schedule. The mine(s) used to source the Coal supplied under this Agreement shall be any mine set forth in the Confirmation.

4.02 Buyer shall supply the appropriate unit train railcars. Said railcars shall be of a size compatible with the loading requirements set forth in this Agreement. Unit train sizes will normally vary from 105 to 135 railcars per train; however, depending on railcar availability, shorter or longer trains may occasionally be operated by mutual agreement.

4.03 Unless excused by Article 11 of this Agreement, if Buyer fails over a quarterly basis to schedule the appropriate unit trains for delivery of an amount of Coal scheduled under a Transaction, Seller shall have the right at Seller's sole option to reduce the annual quantities of that Transaction by the deficit from the scheduled amount. This right shall be in addition to any other rights available to Seller hereunder.

4.04 Seller shall cause Coal to be loaded and delivered at the loading facilities into railcars supplied by Buyer. Seller agrees to comply with the weighing and railcar Loading Provisions. Said Loading Provisions are subject to Seller's ability to load the required net tonnages in Buyer's railcar without significant risk of spillage or exceeding railcar limits and shall be in general compliance with industry standards for the applicable coal region. Seller shall have at least 48 hours notice of any changes to the Loading Provisions. If the changes to the Loading Provisions are inconsistent with Seller's commitments as otherwise set forth in this Agreement and Seller's then current operating practice, Seller shall not be liable for noncompliance with such changes unless expressly accepted by Seller. Should the

obligations as set forth in this Article 4 not be met, and as a result, Buyer incurs costs under its transportation agreement with the rail carrier as a direct result of Seller's not meeting its obligation hereunder and such failure is not the fault of either Buyer or the railroad, then Seller shall reimburse Buyer for any such costs as set forth in Exhibit A.

4.05 The scheduled Coal shall be F.O.B. loaded in Buyer-provided railcars at the delivery point located at each individual mine ("Delivery Point"). Buyer's railcars and unit train shall be compatible with Seller's trackage, storage and loading facilities, and shall be ready to load upon arrival at the individual mine. Seller shall load each railcar at Seller's expense and shall complete the loading of all railcars in each unit train within four hours after the first empty railcar is actually placed by the railroad under the Seller's loading chute. Unless excused by Article 11 or due to actions of Buyer or Buyers rail carrier, Seller shall be responsible for demurrage or other charges invoiced to Buyer by Buyer's rail carrier resulting directly from Seller's failure to load Buyer's trains as provided above.

4.06 Seller is required to load each railcar to the gross weight(s) designated in the Confirmation; however, under no circumstances will the gross weight exceed the maximum limit established by the rail carrier(s) for the railcar type and for the designated train routes. Should Seller load any railcar on Buyer's behalf outside of these specified limits, the Seller assumes any and all reasonable costs which may be charged by the rail carrier(s) and paid by Buyer as a direct result of such underloading or overloading of these railcars.

ARTICLE 5. TITLE AND RISK OF LOSS; EQUIPMENT DAMAGE

5.01 Title to the Coal and all risk of loss shall pass to Buyer upon completion of loading all railcars in each unit train at the Delivery Point.

5.02 Seller shall be responsible for, and shall indemnify Buyer for, any and all direct reasonable costs resulting from damage to: (i) Buyer's or its contracted rail carriers' equipment if such equipment is damaged while on Seller's property except to the extent such damage is caused by the negligence or recklessness of Buyer or its contracted rail carrier; and (ii) Buyer's equipment, including mobile railcars and stationary equipment at Buyer's electric generating station, if said equipment is damaged as a result of non-Coal material having been interspersed with the tendered Coal prior to leaving Seller's mine property.

ARTICLE 6. COAL QUALITY SPECIFICATIONS

If the Parties set forth coal quality specifications in a Confirmation, the following Sections 6.01 – 6.03 shall apply with respect to those specifications.

6.01 At the Delivery Point, all tendered Coal shall be raw, substantially free of magnetic material and other foreign material impurities, and crushed to a maximum size as set forth in the Confirmation as determined in accordance with applicable American Society of Testing and Materials (ASTM) standards.

6.02 If there are three (3) Non-Conforming Shipments as defined in Section 6.04, whether rejected or not, under a Transaction in any three (3) month period or, if two (2) out of four (4) consecutive shipments under a Transaction are Non-Conforming Shipments, Buyer may upon notice confirmed in writing and sent to Seller, suspend future shipments except those shipments already loaded into railcars. Seller shall, within sixty (60) days, provide Buyer with reasonable assurances that subsequent deliveries of Coal shall meet or exceed the specifications set forth in the Confirmation. If Seller fails to provide such assurances within that sixty (60) day period, Buyer shall have the right to terminate the Transaction without further obligation hereunder on the part of either party. Termination shall be the sole remedy of Buyer under this Section. Buyer's waiver of this right for any one train shall not constitute a

waiver for subsequent trains. If Seller provides such assurances to Buyer's reasonable satisfaction, deliveries hereunder shall resume and any tonnage deficiencies resulting from suspension may be made up at Buyer's sole option subject to a mutually agreeable schedule. Buyer shall not unreasonably withhold its acceptance of Seller's assurances, or delay the resumption of shipment.

6.03 The Parties recognize during the performance of a Transaction, legislative, regulatory bodies or the courts may adopt environmental laws, rules, and regulations that will make it impossible or commercially impracticable for Buyer to utilize or to remarket Coal purchased under this Agreement. If, as a result of the adoption of such laws, rules, and regulations or changes in the interpretation or enforcement thereof, Buyer, in good faith, decides it will be impossible or commercially impracticable for Buyer to utilize or to remarket such Coal, Buyer shall promptly notify Seller in writing. After receiving such notification, Buyer and Seller shall promptly consider whether corrective actions can be taken in the mining and preparation of the Coal, in the operation of Buyer's generating station, or in Seller's substituting different source Coal. If in the Parties' reasonable judgment such actions will, make it impossible and commercially impracticable for Buyer to utilize or to remarket tendered Coal without violating any applicable law, regulation, policy, or order, Buyer shall have the right, upon sixty (60) days notice to Seller, to terminate the Transaction without further obligation on the part of either party. Termination shall be the sole remedy of Buyer and Seller under this section.

If Rejection Limits are specified in the Confirmation, this Section 6.04 shall apply.

6.04 If any Shipment of Coal triggers any of the Rejection Limits specified in the Confirmation for a Transaction (a "Non-Conforming Shipment"), Buyer shall have the option, within twenty-four (24) hours of Buyer's receipt of the quality analysis of the Coal, of either (i) rejecting such Non-Conforming Shipment prior to unloading the Coal, or, (ii) accepting the Non-Conforming Shipment and in addition to any quality adjustments outlined in the Confirmation, reducing the

price of Coal for such trainload by [redacted] per ton. If Buyer fails to timely exercise its rejection rights under this Section as to a Shipment, Buyer shall be deemed to have waived such rights to reject with respect to that Shipment only. Buyer's failure to timely exercise such notice does not constitute a waiver of its right to any penalty adjustment provided for herein or in the relevant Confirmation. If Buyer timely rejects the Non-Conforming Shipment, Seller shall be responsible for promptly transporting the rejected Coal to an alternative destination determined by Seller and, if applicable, promptly unloading such Coal. Seller shall reimburse Buyer for all reasonable costs and expenses associated with the transportation, storage, handling and removal of the Non-Conforming Shipment. Buyer shall cooperate with Seller in minimizing Seller's cost of redirecting the rejected Coal. Seller shall replace the rejected coal within a reasonable period of time.

ARTICLE 7. SAMPLING AND ANALYSIS

7.01 Seller shall cause, at its expense, the Coal in each unit train to be sampled and analyzed at the individual mine in accordance with applicable ASTM standards. Buyer shall have the right, at its own risk and expense, to have a representative present at any and all times to observe sampling and analysis procedures. All samples shall be divided into three (3) parts and put in suitable airtight containers. One part shall be furnished to Buyer or its designee for its analysis, one part shall be retained for analysis by Seller or its designee (which analysis shall be the basis for payment), and the third part shall be retained by Seller or its designee in one of the aforesaid containers properly sealed and labeled for a period thirty (30) days after the date of sample collection. Buyer's samples are to be clearly labeled as to mine, date of sampling, date of preparation, and other identification as to shipment (such as train identification number) and are to be sent within forty-eight (48) hours of train loading to the address listed below unless a different address is provided by Buyer in the Confirmation or otherwise in writing. Seller shall cause the following data, subject to future adjustment, to be provided to Buyer by a mutually agreed upon method of electronic data transmission within

forty-eight (48) hours of train loading: tonnage (gross, net, and tare average for each railcar and the unit train in total), and the average calorific value, % moisture, % ash, % sulfur, and % Na_2O in ash (if set forth in the Confirmation), (the "Short Proximate Analysis"). Any additional analysis requested by Buyer that exceeds the information provided in the Short Proximate Analysis shall be at Buyer's expense.

Mailing address for sample splits:

7.02 In the event a dispute arises between Buyer and Seller within thirty (30) days of Seller's analysis due to a difference between Buyer and Seller's short proximate analyses of a sample that exceeds the ASTM interlab repeatability limits, an independent testing laboratory, mutually agreeable to Buyer and Seller, will be retained to analyze the third part of such sample. The Party whose calorific value analysis is closest to the independent analysis shall prevail and such Party's calorific value analysis shall govern for the trainload in question. In such case, the cost of the analysis made by such independent testing laboratory will be borne by the Party whose calorific value analysis is furthest from the independent analysis and therefore, not used. In the event both Parties' calorific value analyses differ from the independent testing laboratory's result by the same amount, the independent testing laboratory's result shall govern for the trainload in question and the Parties shall share equally the cost of the independent testing.

ARTICLE 8. WEIGHING

8.01 Certified commercial scales at Seller's train loading facility at each individual mine will determine weights. Scales shall be calibrated and tested as customary in industry practice with copies of calibration and testing reports provided to Buyer upon request. If Seller's scales are not available to determine the valid net weight of all of the railcars in a unit train but valid weights are obtained for thirty (30) or more railcars in such train, the arithmetic

average of all of the valid net weights of the thirty or more railcars in such train shall be used as the net weight for each railcar in such train for which a valid net weight was not determined by Seller's scales. If Seller's scales are inoperative or fail to determine the valid net weight of at least thirty (30) railcars in a unit train, the weighted arithmetic average of the net railcar weights of the previous ten (10) unit trainloads of Coal shipped to Buyer shall be used as the net weight for each of the unweighed railcars in such train. The calculation of the weighted arithmetic average net weight for the previous ten (10) unit trainloads shall exclude all bad-order railcars, which were not loaded, and any trainload of Coal for which the net weights were estimated on thirty (30) or more railcars. The Buyer shall be notified electronically immediately after the above instance occurs.

ARTICLE 9. PRICE AND PRICE ADJUSTMENTS

9.01 For all Coal delivered under this Agreement, Buyer shall pay Seller the base price as set forth in the Confirmation.

9.02 Seller shall be solely responsible for all assessments, fees, costs, expenses, and taxes relating to the mining, production, sale, use, loading and tender of Coal to Buyer or in any way accruing or levied prior to transfer of title to the Coal to Buyer and including, without limitation, severance taxes, royalties, ad valorem, black lung fees, reclamation fees and other costs, charges and liabilities. The base price includes reimbursement to Seller of all environmental, land restoration and regulatory costs, including without limitation any reclamation costs required under applicable federal, state or local law as of the date of the Transaction. Buyer shall be responsible for any sales and/or use tax unless Buyer provides Seller an appropriate exemption certificate or similar document. The base price shall be subject to adjustments for changes in existing laws and regulations (including changes in levies and rates), or new laws or regulations, or changes in interpretations thereof enacted and in force during the term of sale set forth in the Confirmation that change Seller's costs of

producing Coal for delivery pursuant to any Confirmation. Notwithstanding the above, no price adjustment will occur under this Section until the cumulative effect of all such changes equals or exceeds $0.05 per ton for any calendar year under a Transaction. Seller shall use commercially reasonable best efforts to inform Buyer of any such change as soon as Seller becomes aware of such change and its effect on the base price of Coal hereunder.

9.03 The base price may also include an adjustment based upon the calorific value, sulfur content or other qualities of the Coal as the Parties may mutually agree upon and as set forth in the Confirmation.

ARTICLE 10. INVOICES, PAYMENTS, NETTING, SET OFF, AND CREDIT RATINGS

10.01 Based on Seller's weights, Seller will invoice Buyer twice a month for all Coal delivered. Invoices for quality adjustment, as provided in a Transaction, shall be issued monthly, based on Seller's analyses. Seller shall clearly indicate Buyer's applicable purchase order number on all invoices. Each invoice shall state for each trainload of Coal: the quantity of Coal delivered, the Actual Btu and SO_2, % Na_2O in ash (if set forth in the Confirmation) and the invoice price and any other required quality adjustment. Invoices shall be mailed or electronically transmitted, as applicable, to:

Invoices to *Buyer* :

Attn:

Invoices to Kennecott:

Kennecott Coal Sales Company
Attn: Revenue Accounting
Caller Box 3017 (82717-3017)
405 West Boxelder Road, Suite D
Gillette, WY 82718

ACH/Wires to Kennecott:
Kennecott Energy and Coal
Account # 060-00298-13
Wells Fargo Bank
41 East 100 South
ACH ABA # 124000012
Wire ABA # 121000248

Payment Detail:
To ensure proper allocation of payments to appropriate invoice, e-mail invoice numbers and amounts to: keccash@kenergy.com or information may be faxed to (307) 687-6010

10.02 For all invoices, payment will be made within 5 business days of receipt of that invoice. Amounts shall be paid via electronic means (i.e., ACH or Federal Reserve wire transfer of funds). The wire transfer of funds shall be sent to Seller's bank as indicated on the invoice.

10.03 In the event Buyer in good faith disputes part or all of an invoice, notice of the disputed portion, with reasons for dispute, must be given prior to the due date of the invoice and the undisputed portion shall be paid by the due date. If the disputed portion is determined to have been properly due and payable, interest on that portion in dispute and which has not been paid shall accrue from the date that portion was due and payable. If a disputed portion is paid and is later determined not to have been properly due and payable, interest will similarly be refunded from the date payment had been received. Interest shall be paid at one (1) percentage point over the then current U.S. prime rate as listed in the Money Rates section of The Wall Street Journal. All invoices will be final and not subject to further adjustments or correction unless objection to the accuracy thereof is made prior to the lapse of one (1) year after the termination of the applicable Transaction.

10.04 If each Party or Party's affiliate is required to pay an amount to the other Party in the same invoice period, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting; in which case, the Party owing

the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

10.05 Each Party reserves to itself all rights, setoffs, counterclaims, and other remedies and defenses to the extent not expressly denied or waived herein which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection under this Agreement may be offset against each other, set off, or recouped therefrom.

10.06 If a Party fails to pay amounts under this Agreement within 5 business days after receipt of invoice, unless such amount is the subject of a dispute as provided above, or is excused by Article 11, in addition to the rights and remedies otherwise provided in this Agreement, the aggrieved Party shall have the right to suspend performance under any or all Transactions under this Agreement. If such failure to pay continues for an additional 5 business days, the aggrieved Party shall have the right to terminate this Agreement and all Transactions and shall be entitled to all other rights under this Agreement.

10.07 Should the creditworthiness or either Party's ability to perform become unsatisfactory to the other Party, or if situations develop where either Party could reasonably conclude that a credit downgrade or protection under bankruptcy code is imminent, then the failing Party will provide satisfactory security or assurances.

10.08 If a Party's or any of its affiliates' credit falls below investment grade (BBB- as defined by Standard & Poor's, Moody's, or the equivalent), the failing Party shall provide the non-failing Party with a mutually agreed upon credit enhancement in the form of, but not limited to, letters of credit, compressed payment terms or cash on delivery. If the failing Party does not provide an acceptable credit enhancement within 48 hours of notice, the non-failing Party shall have the right to suspend shipments and seek remedies as set forth in this Master

Agreement.

ARTICLE 11. FORCE MAJEURE

11.01 The term "Force Majeure" as used herein shall mean an act or event that is not reasonably within the control and is without the fault of the party claiming Force Majeure including without limitation, acts of God; acts of the public enemy; insurrections; terrorism; riots; labor disputes; boycotts; fires; explosions; floods; breakdowns of or damage to major components or equipment of Buyer's generating station, Seller's mine, or transmission systems or Buyer's transportation; embargoes; acts of judicial or military authorities; acts of governmental authorities; inability to obtain necessary permits, licenses, and governmental approvals after applying for same with reasonable diligence; or other causes which prevent the producing, processing, and/or loading of Coal by Seller, or the receiving, accepting, unloading and/or utilizing of Coal by Buyer. Force Majeure includes the failure of a Party's contractor(s) to furnish labor, services, Coal, materials or equipment in accordance with its contractual obligations (but solely to the extent such failure is itself due to Force Majeure).

11.02 If, because of Force Majeure, either Party fails to perform any of its obligations under this Agreement (other than the obligation of a Party to pay money), and if such Party shall promptly give to the other Party written notice of such Force Majeure, then the obligation of the Party giving such notice shall be suspended to the extent made necessary by such Force Majeure and during its continuance; provided, the Party giving such notice shall use good faith efforts to eliminate such Force Majeure, insofar as reasonably possible, with a minimum of delay. Should the situation of Force Majeure exceed sixty (60) consecutive days, the Party not affected by the Force Majeure event may, at its option, terminate the Transaction in whole or in part and neither Party shall have any further obligation to the other Party; however, each Party shall be obligated to make any payments which had become due and payable prior to such termination. Any deficiencies in deliveries of Coal caused by an event of Force Majeure

shall not be made up, except by mutual consent. The affected Party shall provide suitable proof to the other Party to substantiate any claim made under this Article 11.

11.03 Both Parties agree significant capital expenditures and settlement of strikes and lockouts shall be entirely within the discretion of the Party having the difficulty. The above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require significant capital expenditure or settlement of strikes and lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having difficulty.

11.04 The loss of Buyer's markets or Buyer's inability to economically use or resell Coal purchased hereunder, the loss of Seller's supply or Seller's ability to sell Coal to a market at a more advantageous price, the change in the market price of Coal or price of power, or regulatory or contractual disallowance of the pass-through of the costs of Coal or other related costs shall not constitute events of Force Majeure.

ARTICLE 12. RECORDS, AUDITS, ACCESS

12.01 Seller shall maintain books and records relating to the supply of Coal under this Agreement and the applicable Transaction for a period of not less than two (2) years after the end of each calendar year for all Coal tendered during such calendar year.

12.02 Upon reasonable notice and during normal business hours, Buyer and/or Buyer's independent auditors shall have the right to inspect Seller's books and records relating to all provisions of this Agreement which include Coal quality, quantity shipped, and price adjustments or as may be necessary to satisfy inquiries from governmental or regulatory agencies, but only to the extent necessary to verify the accuracy of any statement, charges or computations made pursuant to this Agreement and/or a Transaction. Seller shall make a

reasonable effort to facilitate Buyer's inspection of such records in Seller's possession. Buyer and its auditors, to the extent permitted by law or regulation, shall treat all such information as confidential.

ARTICLE 13. DEFAULT, REMEDIES, AND TERMINATION

13.01 The remedies set forth in this Section 13.01 shall cover the non-defaulting Party's remedies for the defaulting Party's failure to perform prior to any termination for default that may occur.

a) As an alternative to the damages provision below, if the Parties mutually agree in writing, the non-performing Party may schedule deliveries or receipts, as the case may be, pursuant to such terms as the Parties agree in order to discharge some or all of the obligation to pay damages. In the absence of such agreement, the damages provision of this Article shall apply.

b) Unless excused by Force Majeure, if Seller fails to deliver the quantity of Coal in accordance with the applicable Confirmation and this Agreement, Seller shall pay to Buyer an amount for each ton of Coal of such deficiency equal to (i) the lowest reasonable market price on an equivalent per mmBtu SO_2 adjusted basis at which Buyer is able, or (ii) at the time of Seller's breach, would be able to purchase or otherwise receive comparable supplies of Coal of comparable quality minus the base price agreed to for the specific Transaction; except that if such difference is negative, then neither Party shall have any obligation to make any deficiency payment to the other.

c) Unless excused by Force Majeure, if Buyer fails to accept delivery of the quantity of Coal in accordance with the applicable Confirmation and this Agreement, Buyer shall pay to Seller an amount for each ton of Coal of such deficiency equal to (i) the base

price agreed to for the specific Transaction minus the highest reasonable market price on an equivalent per mmBtu SO_2 adjusted basis at which Seller is able, or (ii) would be able, to sell or otherwise dispose of the Coal at the time of Buyer's breach; except that if such difference is negative, then neither Party shall have any obligation to make any deficiency payment to the other.

d) Buyer and Seller shall be subject to commercially reasonable good faith obligation to mitigate any damages hereunder.

13.02 The occurrence of any of the following shall constitute an "Event of Default":

a) Failure by either Party to pay any amounts due.

b) Either Party materially breaches any contractual obligation under this Agreement.

c) Either Party (i) makes any general assignment or any general arrangement for the benefit of creditors, (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors or has such a petition involuntarily filed against it and such petition is not withdrawn or dismissed within thirty (30) days after such filing, (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) is unable to pay its debts as they fall due.

13.03 In addition to the non-defaulting Party's remedies under this Article, in the Event of Default with respect to a specific Transaction, the non-defaulting Party shall have the same rights with respect to such specific Transaction as it has under this Agreement in addition to the right to exercise all other rights and remedies available under applicable law.

ARTICLE 14. NOTICES

14.01 Except as expressly provided otherwise, any notice, election or other correspondence required or permitted hereunder shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered personally to the Party to whom directed, or when sent by United States certified mail with all necessary postage prepaid and a return receipt requested, or by a nationally recognized overnight delivery service with charges fully prepaid and addressed to the Party at the below-specified address:

Notices to Kennecott:
Kennecott Coal Sales Company
Attn: Contract Administration
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716
Phone: (307) 687-6019
Fax: (307) 687-6009

Scheduling to Kennecott:
Kennecott Coal Sales Company
Attn: Customer Service Department
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716
Phone: (307) 685-6110
Fax: (307) 687-6009

Notices to *Buyer* :

The addresses may be changed upon written notice in the manner provided above, and no amendment hereof shall be required for a change of address under this Article 14.

ARTICLE 15. COOPERATION

15.01 Each Party agrees to take all further action that may be reasonably necessary to perform and to effectuate the purposes and intent of the Agreement, the Confirmation, and any particular Transaction.

ARTICLE 16. WARRANTY, LIMITATION ON LIABILITY, DUTY TO MITIGATE & INDEMNIFICATION

16.01 In no event shall either Party be liable to the other Party for incidental, consequential or punitive damages however and wherever arising out of, or in connection with, this Agreement or any Transaction.

16.02 **EXCEPT AS EXPRESSLY WARRANTED HEREIN, IT IS EXPRESSLY AGREED THAT SELLER MAKES NO WARRANTY EXPRESSED OR IMPLIED AS TO THE QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE COAL TO BE DELIVERED UNDER THIS AGREEMENT OR AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF SUCH COAL. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF PROFITS OR OVERHEAD, BY VIRTUE OF ITS BREACH OF ANY OF ITS OBLIGATIONS UNDER THE AGREEMENT. NOTHING IN THIS ARTICLE SHALL BE CONSTRUED AS LIMITING BUYER'S RIGHT, SUBJECT TO THE TERMS OF THIS AGREEMENT, TO SEEK DIRECT DAMAGES FOR SELLER'S BREACH OF ANY OF ITS OBLIGATIONS HEREUNDER.**

16.03 Each Party agrees it has a duty to mitigate damages and covenants. Each Party will use commercially reasonable efforts to minimize any damages it may incur as a result of the other

Party's performance or non-performance of the Agreement (except that neither Party shall be required to enter into a replacement transaction as provided under this Agreement).

16.04 Each Party shall indemnify, defend, and hold the other Party harmless from and against any and all Claims arising out of or resulting from the willful acts or negligence of such Party, its agents, and employees.

ARTICLE 17. LIMITATION ON WAIVER

17.01 No waiver by either Party of any one or more defaults of the other Party in the performance of this Agreement or any Transaction shall operate or be construed as a waiver of any future default, or defaults, whether of a like or different character.

ARTICLE 18. CONFIDENTIALITY

18.01 This Agreement and any Confirmation are deemed confidential. The Parties shall protect the confidentiality of the terms of this Agreement and neither this Agreement or any of its terms shall be disclosed to any other person unless such disclosure is: (i) agreed to in writing by the Parties prior to release, (ii) required by law, (iii) required by jurisdictional regulation pursuant to the request of any regulatory authorities (including, without limitation, state utility commissions or boards, the Federal Energy Regulatory Commission, the U.S. Securities and Exchange Commission and tax authorities); to attorneys, auditors, consultants or other outside experts of the parties if said individuals are advised of the confidential nature of the information and said individuals agree to maintain the confidentiality of the information; or to generating unit co-owner(s). Where the law requires such disclosure, notice shall be given to the other Party, and to the extent possible, such notice shall be given in advance of disclosure.

ARTICLE 19. ENTIRETY, AMENDMENTS

19.01 This Agreement constitutes the entire agreement between the Parties. This Agreement may not be amended except in a written instrument making reference hereto signed by the Parties.

ARTICLE 20. SUCCESSORS AND ASSIGNS

20.01 This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns; provided, however, this Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

ARTICLE 21. GOVERNING LAWS

21.01 This Agreement shall be governed by and construed in accordance with the laws in the State of Wyoming.

ARTICLE 22. INTERPRETATION

22.01 The Parties acknowledge that each Party and its counsel have reviewed this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

ARTICLE 23. RESALE AND BUYER'S OBLIGATIONS

23.01 The Parties agree, unless specifically provided otherwise in a specific Confirmation, Buyer may resell the Coal purchased under a particular Transaction to another party ("Buyer's Customer"). The Parties agree that Buyer's Customer may perform some of Buyer's obligations; nevertheless, Buyer shall remain liable for all of Buyer's obligations hereunder and Buyer shall indemnify and hold Seller harmless from and against any and all Claims made by Buyer's Customer against Seller. In addition, Buyer agrees to the following:

a) Buyer shall inform Seller at least twenty-four (24) hours in advance of arrival of each unit train at the mine of the identification number of the unit train, identification of Buyer's Customer, and destination of such unit trains.

b) The loading of such unit train shall be in accordance with the loading provisions set forth herein unless Buyer notifies Seller in advance of different loading provisions and such different loading provisions are in general accordance with general operating parameters in the mine's region, and do not, in Seller's reasonable opinion, impose an undue operating or economic burden on Seller.

c) All information to be supplied by Seller to Buyer under this Agreement including but not limited to analysis, weights, train manifest and invoicing information shall be supplied to Buyer and Buyer shall be responsible for transmitting such information to Buyer's Customer. Buyer is specifically released from its confidentiality obligations (Article 18) with respect to quality and weighing information provided by Buyer to Buyer's Customer.

d) If Buyer claims a Force Majeure event at or associated with Buyer's generating station, such claim shall not apply to Coal taken under this Agreement and sold by Buyer to Buyer's Customer. Force Majeure events occurring at or associated with generating stations or other facility to which Buyer has resold Coal, shall not affect the tonnage obligation of the Buyer under this Agreement.

ARTICLE 24. SURVIVAL

24.01 The provisions of Articles 12 through 22 and Article 24 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective, duly authorized representatives effective as of the date first written above.

Kennecott Coal Sales Company

By:_____ By:_____

Kelly A. Cosgrove
Vice President, Marketing & Sales Title:_____

Date:_____ Date:_____

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DRAFT

SAMPLE

CONFIRMATION LETTER

Kennecott #:

Buyer:

Seller: Kennecott Coal Sales Company
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716

Attn:
Phone:
Fax:

Attn:
Phone:
Fax:

This letter shall confirm the transaction arranged _____, between _____ (" ") and Kennecott Coal Sales Company ("Kennecott") pursuant to the Master Coal Purchase and Sale Agreement effective _____, 2003. **The terms and conditions of this transaction are as follows:**

Kennecott to sell and deliver and _____ to purchase and receive.

Transaction Type: Physical Coal

Product: Sub-Bituminous coal; _____ Btu/Lb. and _____ Lbs. SO_2/mmBtu

Base Price: $_____ per ton of coal

Shipment Period:

Quantity:

Delivery Point: FOB Railcar, _____ Mine – _____ County, Wyoming

Topsize: _" x 0" ASTM

Quality: Coal Quality Specifications

	Section 9.03 – Standard Btu and Sulfur for price adjustments as set forth below:	Sections 6.02 & 6.04 Reject Limits/ Non-Conforming Shipment
Btu/Lb		
Lbs. SO_2/mmBtu		

Btu Adjustment: To reflect the actual heat content of the coal delivered, each month the Base Price of coal will be adjusted for any variation from _____ Btu/Lb., using the following formula:

$$\text{Btu Adjustment Per Ton} = P \times \frac{(AR - BB)}{BB}$$

Where:

P = The Base Price of coal per ton delivered during the month;

AR = The monthly weighted average "As-Received" Btu's per pound of the respective coal[s] delivered to _____; and,

BB = The Base Btu's per pound of the respective coal[s] delivered to _____ during the month; the **BB** value = _____

All shipment Btu's and weighted average Btu's shall be in zero decimals. All prices for Btu adjustments shall be calculated using floating-point decimals, with the result being rounded to three decimal places as shown in the following example:

Sample info: P = $7.00/ton, BB = 8800, AR = 8820

$$\text{Btu adjustment per ton} = \$7.00 \times \frac{(8820-8800)}{8800}$$
$$= \$7.00 \times .002272727$$
$$= \$0.015909089$$
$$= \$0.016$$

Sulfur Adjustment: To reflect the actual sulfur content of Coal delivered, each month the Base Price of Coal will be adjusted in accordance with the following formulas.

For purposes of this adjustment, it shall be assumed that 100% of the sulfur in the Coal will be converted to sulfur dioxide ("SO_2"). The pounds SO_2 per mmBtu shall be calculated in accordance with the following formula based on Seller's lab analysis of the percent sulfur in the Coal and the calorific value of the Coal. All weighted average sulfur shall be in two decimals:

$$\text{Lbs. } SO_2/\text{mmBtu} = \frac{\text{Monthly Weighted Average Sulfur \% in Coal X 20,000}}{\text{Monthly Weighted Average Btu/Lb.}}$$

All shipment sulfur percent and weighted average sulfur percent shall be stated in two decimals. SO_2 for the period billed shall be calculated using floating-point decimals, with the result being rounded to two decimal places as shown in the following example:

Sample info: Monthly Weighted Average Sulfur % in Coal = .22,
Monthly Weighted Average Btu/Lb. = 8820

Lbs. SO_2/mmBtu = (.22 X 20,000) / 8820 = .498866213 = .50

Sulfur adjustment in $/ton of Coal =

$$\frac{(\text{Base Lb. } SO_2/\text{mmBtu} - \text{Actual Lb. } SO_2/\text{mmBtu}) \text{ X Actual Btu/Lb. X \$ADI}}{1{,}000{,}000}$$

ADI = The "SO_2 Monthly Average Price" published by *Air Daily* for the month preceding delivery.

Base Lb. SO_2/mmBtu =

All shipment SO_2 and weighted average SO_2 shall be stated in two decimals. All prices for sulfur adjustments are to be calculated using floating-point decimals, with the result being rounded to three decimal places as shown in the following example:

Sample info: Actual Btu = 8820, Base SO_2 = .55, Actual SO_2 = .50, SO_2 Allowance (ADI) = $146.10

Sulfur Adjustment in $/ton of Coal = ((.55 - .50) X 8820 X $146.10) / 1,000,000
= $0.0644301
= $0.064

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR, AND EACH OF THE PARTIES WAIVES THE RIGHT TO SEEK INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

Please confirm that the terms and conditions stated herein accurately reflect your understanding of our agreement by signing and returning to Leslie Thorn at Seller's address.

By: _____ Date: _____

By: _____ Date: _____
Kennecott Coal Sales Company

Kennecott Energy Company
505 South Gillette Avenue (82716)
Post Office Box 3009
Gillette, Wyoming 82717-3009
Phone: (307) 687-6000
Fax: (307) 687-6015

May 11, 2004

Mrs. Robin Ott
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg, FL 33701

Dear Mrs. Ott:

Kennecott Energy Company, on behalf of Spring Creek Coal Company, is pleased to respond to your request to supply a portion of Progress Energy's requirements for the Crystal River Units 1 and 2 for the years 2005, 2006 and 2007.

COAL OFFERED

Origin — **Spring Creek Coal - Big Horn County, Mon**tana. Served by the BNSF Railroad.

Delivery Point — **FOB Barge - Cahokia Terminal located in St. Louis, Missouri**

Term/Quantity/Base Price

January 1, 2005 – December 31, 2007

Term	Quantity (To the nearest unit train.)	Price
2005	500,000 Tons	[redacted]
2006	500,000 Tons	
2007	500,000 Tons	

Prices are pnt FOB Barge Cahokia Terminal, St. Louis, Missouri based on coal having a standard heating value of **9,350 Btu/lb and a standard sulfur value of 0.80bs. SO_2/MMBtu.** The Base Prices include Kennecott's best estimate of all Third Party costs as defined in Adjustment Provisions hereinbelow as of May 11, 2004. The standard heating and sulfur values are for price adjustment purposes only. The price shall be subject to adjustment for variations in the monthly weighted average calorific value from the standard heating value on an FOB mine basis and for variation in SO_2 content from the standard sulfur value in accordance with a mutually agreed upon SO_2 adjustment provision.

Sixty-Five percent (65%) of the above listed prices will be adjusted at 100% of the RCAF-U on a quarterly basis and a fuel surcharge adjustment monthly.

Typical Quality (Annual Average)

Typical Values	2005 - 2007
Btu	9,350
Moisture	22.36%
Ash	4.0%
Sulfur (Lbs. SO_2/mmBtu)	0.80
Sodium (Na2O)	8.00%

Adjustment Provisions	Third Party Cost & New Laws Adjustments Third party costs include any and all taxes, fees, royalties, and governmental impositions paid to third parties on or attributable to the production of coal. Any change in these items from May 11, 2004, either up or down, will be passed on to Buyer. A change could be a change in rate changes resulting from a new law or regulation or change in interpretation (or estimate by Seller of impact) of an existing law or regulation on a federal, state or local level. The adjustments will be passed through as of the date of the actual change resulting in such adjustments.
Sampling & Analysis	In accordance with ASTM standards for Spring Creek Coal Company
Data Transmission	As mutually agreed upon.
Delivery Schedule	As mutually agreed upon.
Weights	In accordance with Spring Creek Coal Company "certified" mine weights.
Mine Information	See attached
Terms & Conditions	This offer is considered proprietary and confidential; it should not be divulged to third parties without the express written approval of Kennecott Energy Company. **Specific terms and conditions of a prospective agreement are subject to mutual agreement. Attached is a Master Coal Purchase and Sale Agreement that will represent a starting point for discussions. Coal is offered subject to prior sale and availability and in any event, this offer will expire after May 17, 2004,** unless negotiations leading to a definitive agreement have commenced by that date; in which case the offer may be extended. **Acceptance of this offer must be received, in writing, no later than 5:00 PM MDT on or before May 17, 2004.** This offer and Kennecott Energy Company's obligation to enter into a coal supply agreement is subject to Kennecott Energy Company's internal credit review and approval.

We appreciate this opportunity to supply a portion of your coal requirements. If you have any questions or comments, please contact me at 307.685.6114.

Sincerely,



Bruce A. Miller
Manager, Origination and Structured Products

BAM:ksn

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SPRING CREEK COAL MINE
2005 QUALITY SPECIFICATIONS

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	TYPICAL 95% RANGE +2 STD DEV	TYPICAL DRY VALUE	TYPICAL MOISTURE-ASH FREE VALUE
PROXIMATE						
% Moisture	25.40	0.56	24.28	26.52		
% Ash	4.12	0.33	3.46	4.78	5.52	
% Volatile	31.26	0.81	29.64	32.88	41.90	44.35
% Fixed Carbon	39.23	0.80	37.63	40.83	52.59	55.66
BTU/lb	9350	103	9144	9556	12534	13266
MAFBTU	13266	80.08	13106	13426		
Dry BTU	12534	93.71	12346	12721		
% Sulfur	0.34	0.07	0.20	0.48	0.46	0.48
ULTIMATE						
% Moisture	25.40	0.56	24.28	26.52		
% Carbon	54.14	3.28	47.58	60.70	72.57	76.82
% Hydrogen	3.80	0.23	3.34	4.26	5.09	5.39
% Nitrogen	0.71	0.09	0.53	0.89	0.95	1.01
% Chlorine	0.00	0.01	0.00	0.01	0.00	0.00
% Sulfur	0.34	0.07	0.20	0.48	0.46	0.48
% Ash	4.12	0.33	3.46	4.78		
% Oxygen	11.50	0.70	10.10	12.90	15.42	16.32
SULFUR FORMS						
Pyritic Sulfur (%)	0.05	0.03	0.00	0.11	0.07	0.07
Sulfate Sulfur (%)	0.01	0.015	0.00	0.04	0.01	0.01
Organic Sulfur (%)	0.28	0.06	0.16	0.40	0.38	0.40
Total Sulfur (%)	0.34	0.07	0.20	0.48	0.46	0.48
MINERAL ANALYSIS OF ASH						
% Silicon Dioxide (Silica, SiO2)	32.52	2.78	26.96	38.08	43.59	46.14
% Aluminum Oxide (Alumina, Al2O3)	17.69	1.09	15.51	19.87	23.71	25.10
% Titanium Dioxide (Titania, TiO2)	1.13	0.10	0.93	1.33	1.51	1.60
% Iron Oxide (Ferric Oxide, Fe2O3)	4.76	0.47	3.82	5.70	6.38	6.75
% Calcium Oxide (Lime, CaO)	15.36	1.41	12.54	18.18	20.59	21.79
% Magnesium Oxide (Magnesia, MgO)	3.69	0.85	1.99	5.39	4.95	5.24
% Potassium Oxide (K2O)	0.63	0.14	0.35	0.91	0.84	0.89
% Sodium Oxide (Na2O)	8.24	1.00	6.24	10.24	11.05	11.69
% Sulfur Trioxide (SO3)	14.07	2.50	9.07	19.07	18.86	19.96
% Phosphorous Pentoxide (P2O5)	0.35	0.06	0.23	0.47	0.47	0.50
% Strontium Oxide (SrO)	0.37	0.22	0.00	0.81	0.50	0.52
% Barium Oxide (BaO)	1.19	0.31	0.57	1.81	1.60	1.69
% Undetermined	0.00	1.00	0.00	2.00	0.00	0.00
Base/Acid Ratio	0.64	0.08	0.48	0.80		
Base Value	32.68	2.20	28.28	37.08		
Acid Value	51.34	3.00	45.34	57.34		
ASH FUSION TEMPERATURES						
Reducing (^{o}F)						
Initial	2106	37	2031	2181		
Softening (H=W)	2129	36	2056	2202		
Hemispherical (H=1/2W)	2141	39	2062	2220		
Fluid	2164	51	2062	2266		
Fluid-Initial Temp. Difference	58	40	0	138		
Oxidizing (^{o}F)						
Initial	2351	98	2156	2546		
Softening (H=W)	2366	81	2204	2528		
Hemispherical (H=1/2W)	2391	73	2245	2537		
Fluid	2423	77	2268	2578		
Fluid-Initial Temp. Difference	72	60	0	192		

QUALITY SPECIFICATIONS (Continued)

QUALITY PARAMETER	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	+2 STD DEV
ADDITIONAL ANALYSES AND CALCULATED VALUES				
T250 Temperature (°F)	2153	91.88	1969	2337
HGI (at as-received moisture)	60.6	5.6	49	72
HGI % Moisture	24.13	3.88	16	32
Critical Viscosity Temperature (°F)	0	0	0	0
Critical Viscosity (Poises)	0	0	0	0
% Equilibrium Moisture	23.93	0.56	22.81	25.05
Specific Gravity	1.10	0.015	1.07	1.13
%Alkalies NA2O Dry (Total Alkali Content on Coal)	0.478	0.070	0.34	0.62
%Water Soluble Alk - Na2O	0.000	0.000	0.00	0.00
%Water Soluble Alk - K2O	0.000	0.000	0.00	0.00
%Na2O - Dry Coal	0.46	0.03	0.40	0.52
%Na2O As-received Coal	0.34	0.02	0.30	0.38
Silica Value (Silica Ratio)	57.73			
Slag Factor	0.28	0.14	0.00	0.56
Slag factor per Fusion Temperature	2163	85	1993	2333
Dolomite Ratio	58.29	3.25	51.79	64.79
Ash Precipitation Index	3.97	10.1	0.00	24.17
Silica to Alumina Ratio	1.84	0.14	1.56	2.12
Calcium to Silica Ratio	0.47	0.34	0.00	1.15
Iron to Calcium Ratio	0.31	0.07	0.17	0.45
Fouling Factor (Fouling Index)	5.25	1.41	2.43	8.07
SO2/MMBTU	0.80	0.075	0.65	0.95
lbs S/MMBTU	0.36	0.075	0.21	0.51
lbs Sodium/MMBTU	0.363	0.023	0.32	0.41
lbs Ash/MMBTU	4.41	0.5	3.41	5.41

TYPICAL COAL SIZE 2 inch

Size Fraction	Wt. Percent	Cumulative Wt. Percent	Wt. Percent Passing Top
+3" RD.	0%	0%	100%
3" RD. x 2" RD.	4%	4%	100%
2" RD. x 1" RD.	20%	24%	96%
1" RD. x 1/2" RD.	28%	52%	76%
1/2" RD. x 4 M	20%	71%	48%
4 M x 60 M	13%	84%	29%
60 M x 0	16%	100%	16%

TRACE ELEMENT SUMMARY

Parts Per Million Whole Coal, Dry Basis	TYPICAL (MEAN VALUE)	STANDARD DEVIATION	TYPICAL 95% RANGE -2 STD DEV	+2 STD DEV
ANTIMONY (Sb)	0.00	0.00	0.00	0.00
ARSENIC (As)	1.50	1.00	0.00	3.50
BARIUM (Ba)	0.00	0.00	0.00	0.00
BERYLLIUM (Be)	0.21	0.08	0.06	0.36
BORON (B)	0.00	0.00	0.00	0.00
BROMIDE (Br)	0.00	0.00	0.00	0.00
CADMIUM (Cd)	0.18	0.02	0.14	0.22
CHLORINE (Cl)	0.00	0.00	0.00	0.00
CHROMIUM (Cr)	2.40	0.75	0.90	3.90
COBALT (Co)	0.00	0.00	0.00	0.00
COPPER (Cu)	0.00	0.00	0.00	0.00
FLUORINE (F)	41.90	11.00	19.90	63.90
LITHIUM (Li)	0.00	0.00	0.00	0.00
MANGANESE Mn)	16.20	7.90	0.40	32.00
MERCURY (Hg)	0.07	0.03	0.01	0.13
MOLYBDNEUM (Mo)	0.00	0.00	0.00	0.00
NICKEL (Ni)	1.53	1.00	0.00	3.53
LEAD (Pb)	2.60	1.00	0.60	4.60
SELENUIM (Se)	1.20	0.90	0.00	3.00
SILVER (Ag)	0.00	0.00	0.00	0.00
STRONTIUM (Sr)	0.00	0.00	0.00	0.00
THALLIUM (Tl)	0.00	0.00	0.00	0.00
THORIUM (Th)	0.00	0.00	0.00	0.00
TIN (Sn)	0.00	0.00	0.00	0.00
URANIUM (U)	0.00	0.00	0.00	0.00
VANADIUM (V)	0.00	0.00	0.00	0.00
ZIRCONIUM (Zr)	0.00	0.00	0.00	0.00
ZINC (Zn)	0.00	0.00	0.00	0.00

* All negative numbers were converted to 0.0

Revised 3/29/2000

Spring Creek Coal Company

Spring Creek Coal Company began operations in 1980 with a design capacity of 11.0 million tons per year. Spring Creek has a federal lease consisting of 2,505 acres and a state lease consisting of 642 acres. The current recoverable reserves at the end of 1999 were approximately 221 million tons. Current mining involves a single coal seam 80 feet thick. Mining is carried out primarily by dragline operations.

Mine Name:	Spring Creek Coal Company
Location:	Southeast Montana, Big Horn County, 35 miles from Sheridan, Wyoming U.S.A.
Served by:	Burlington Northern Railroad
Rail Loading Point:	NERCO Junction, Montana
Mine Type:	Surface
Seams:	Anderson-Dietz 1 & 2
Recoverable Reserves:	221 Million Tons
Annual Production Capacity:	11.0 Million Tons
Processed Coal Storage Capacity:	36,000 Tons (Storage Barn)
Weighing System:	Ramsey Engineering conveyor belt scales. Coal is weighed, as it is flood loaded into railcars. Scales certified semi-annually in accordance with the Western Weighing and Inspection Bureau.
Sampling & Analysis:	Ramsey Engineering three-stage mechanical sampling system. On-site, by Commercial Testing & Engineering Laboratories, in accordance with ASTM standards.
Blending Capability:	Coal is simultaneously mined from two or more mining areas and blended as required with additional blending capability from the storage barn.
Loading Rate:	4,000 tons per hour. 113 car train in approximately 4.0 hours.
Load Track Configuration & Capacity:	One mile full loop with two unit-train capacity.
Washing Capability:	None
Dust Suppression:	Chem-Loc 101 is applied to all production at an aggregate rate of 1.2 gallons of diluted chemical per ton of coal. Application occurs throughout the coal handling process and prior to being transferred into the storage barn. Freezeproofing and side-release chemical agents can be applied upon request.
Size:	2" x 0"
Density:	In place: 80 lb./ft^3 Crushed: 55 lb./ft^3
Angle of Repose:	Approximately 3 : 1

Master Coal Purchase and Sale Agreement

between

"CUSTOMER"

and

Kennecott Coal Sales Company

Master Coal Purchase and Sale Agreement Index

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MASTER COAL PURCHASE AND SALE AGREEMENT

This **MASTER COAL PURCHASE AND SALE AGREEMENT** ("Agreement") is entered into and is effective as of the _____ day of _____, 2003, between Kennecott Coal Sales Company ("Kennecott"), an Oregon corporation, and _____ ("_____"), a _____ corporation. Both Kennecott and _____ may be individually referred to herein as a "Party" or collectively as "Parties".

RECITALS

WHEREAS, each Party is engaged in the sale and/or purchase of Powder River Basin ("PRB") Coal or other Coal. The Parties believe it will be mutually beneficial to set the terms and conditions under which such Coal sales and purchases may be made between them.

IN CONSIDERATION of the mutual covenants and promises set forth hereafter, the Parties to this Agreement, intending to legally bind themselves, agree now as follows:

ARTICLE 1. GENERAL TERMS AND DEFINITIONS

1.01 The terms of this Agreement shall govern all purchases and sales of Coal between the Parties (hereinafter "Transactions") or options thereon during the term of this Agreement unless the Parties expressly indicate otherwise. All amendments, modifications, revisions and changes to this Agreement or any related Transaction or option must be in writing and signed by both Parties. If the Parties enter into an option concerning the purchase and/or sale of Coal, the terms and conditions of this Agreement and the Confirmation Letter shall govern the Transaction once the option has been exercised.

1.02 For individual Transactions, the Parties shall enter into a written Confirmation Letter (hereinafter "Confirmation") that sets forth and defines the following: the Buyer, the Seller, the price, price adjustments, quantity, term, quality specifications, mine(s), and any other Transaction-specific provisions mutually agreed upon by the Parties. All Confirmations shall be in writing, signed by both Parties. The Parties intend the provisions of each individual Confirmation and the provisions of this Agreement be construed as one single integrated agreement and that without a written Confirmation the Parties would not otherwise enter into a Transaction. Any inconsistency or conflict between provisions of the individual Confirmation and provisions of this Agreement shall be resolved in favor of any provisions of the Confirmation.

1.03 Each of the following terms when used in this Agreement will have the meaning given to it in this section:

a) "***Actual Btu***" means the monthly ton-weighted average as-received calorific value (stated in Btu/lb.).

b) "***Buyer***" means the Party to a Transaction who is obligated to purchase and receive Coal, or causes Coal to be received.

c) "***Claim***" means all claims or actions threatened or filed that directly or indirectly relate to the subject matter of this Agreement, including but not limited to indemnity, the resulting losses, damages, expenses, reasonable attorneys' fees and costs.

d) "***Coal***" means any and all Coal to be sold by Seller and purchased by Buyer pursuant to the terms and conditions of this Agreement.

e) "***Electronic***" means faxes, telegraphs, emails, and all other forms of electronic data transfer.

f) "***Standard Btu***" means the standard calorific value as set forth in a Confirmation (stated in Btu/lb.) and is the basis for a price adjustment as described in Section 9.03.

g) "***Seller***" means the Party to a Transaction who is obligated to sell and deliver Coal or causes Coal to be delivered.

h) ***"Ton"*** means 2,000 pounds avoirdupois.

i) ***"Loading Provisions"*** means the terms and conditions of Buyer's transportation contracts or excerpts thereof that Seller has reviewed and approved. The Loading Provisions are further described in Section 4.04 and attached as Exhibit A.

ARTICLE 2. TERM

2.01 This Agreement shall begin on the date first set forth above and shall continue in effect until terminated by either Party upon sixty (60) days written notice to the other Party, which right of termination shall be each Party's absolute right to exercise. Termination of this Agreement under this Article shall not affect either Party's rights and obligations with respect to any Transactions that have been agreed to in writing in a Confirmation prior to termination.

ARTICLE 3. QUANTITY

3.01 Buyer shall be obligated to purchase and pay for, and Seller shall be obligated to sell and tender for delivery, the amount of Coal agreed to in a Confirmation, except as may be limited by Article 11 of this Agreement.

3.02 Unless otherwise limited in the Confirmation, Buyer has the right to ship or use the Coal delivered under this Agreement at any location or for any such purpose Buyer designates.

ARTICLE 4. DELIVERY AND TRANSPORTATION

4.01 For each Transaction, Seller agrees to tender to Buyer and Buyer agrees to accept from Seller the quantity of Coal as provided in the relevant Confirmation. Seller shall tender the Coal to Buyer in accordance with reasonable monthly delivery schedules to be submitted by Buyer in accordance with the Agreement and the Confirmation. Schedules shall be based on

a ratable monthly basis unless otherwise agreed to by both Parties. In addition, Buyer shall provide Seller with monthly schedules at least sixty (60) days prior to the beginning of each applicable month. If the Seller objects to a schedule submitted by Buyer, Seller shall notify Buyer of its objections within fifteen (15) days of Seller's receipt of such schedule and the Parties shall work together in good faith to agree on a reasonable and mutually acceptable schedule. The mine(s) used to source the Coal supplied under this Agreement shall be any mine set forth in the Confirmation.

4.02 Buyer shall supply the appropriate unit train railcars. Said railcars shall be of a size compatible with the loading requirements set forth in this Agreement. Unit train sizes will normally vary from 105 to 135 railcars per train; however, depending on railcar availability, shorter or longer trains may occasionally be operated by mutual agreement.

4.03 Unless excused by Article 11 of this Agreement, if Buyer fails over a quarterly basis to schedule the appropriate unit trains for delivery of an amount of Coal scheduled under a Transaction, Seller shall have the right at Seller's sole option to reduce the annual quantities of that Transaction by the deficit from the scheduled amount. This right shall be in addition to any other rights available to Seller hereunder.

4.04 Seller shall cause Coal to be loaded and delivered at the loading facilities into railcars supplied by Buyer. Seller agrees to comply with the weighing and railcar Loading Provisions. Said Loading Provisions are subject to Seller's ability to load the required net tonnages in Buyer's railcar without significant risk of spillage or exceeding railcar limits and shall be in general compliance with industry standards for the applicable coal region. Seller shall have at least 48 hours notice of any changes to the Loading Provisions. If the changes to the Loading Provisions are inconsistent with Seller's commitments as otherwise set forth in this Agreement and Seller's then current operating practice, Seller shall not be liable for noncompliance with such changes unless expressly accepted by Seller. Should the

obligations as set forth in this Article 4 not be met, and as a result, Buyer incurs costs under its transportation agreement with the rail carrier as a direct result of Seller's not meeting its obligation hereunder and such failure is not the fault of either Buyer or the railroad, then Seller shall reimburse Buyer for any such costs as set forth in Exhibit A.

4.05 The scheduled Coal shall be F.O.B. loaded in Buyer-provided railcars at the delivery point located at each individual mine ("Delivery Point"). Buyer's railcars and unit train shall be compatible with Seller's trackage, storage and loading facilities, and shall be ready to load upon arrival at the individual mine. Seller shall load each railcar at Seller's expense and shall complete the loading of all railcars in each unit train within four hours after the first empty railcar is actually placed by the railroad under the Seller's loading chute. Unless excused by Article 11 or due to actions of Buyer or Buyers rail carrier, Seller shall be responsible for demurrage or other charges invoiced to Buyer by Buyer's rail carrier resulting directly from Seller's failure to load Buyer's trains as provided above.

4.06 Seller is required to load each railcar to the gross weight(s) designated in the Confirmation; however, under no circumstances will the gross weight exceed the maximum limit established by the rail carrier(s) for the railcar type and for the designated train routes. Should Seller load any railcar on Buyer's behalf outside of these specified limits, the Seller assumes any and all reasonable costs which may be charged by the rail carrier(s) and paid by Buyer as a direct result of such underloading or overloading of these railcars.

ARTICLE 5. TITLE AND RISK OF LOSS; EQUIPMENT DAMAGE

5.01 Title to the Coal and all risk of loss shall pass to Buyer upon completion of loading all railcars in each unit train at the Delivery Point.

5.02 Seller shall be responsible for, and shall indemnify Buyer for, any and all direct reasonable costs resulting from damage to: (i) Buyer's or its contracted rail carriers' equipment if such equipment is damaged while on Seller's property except to the extent such damage is caused by the negligence or recklessness of Buyer or its contracted rail carrier; and (ii) Buyer's equipment, including mobile railcars and stationary equipment at Buyer's electric generating station, if said equipment is damaged as a result of non-Coal material having been interspersed with the tendered Coal prior to leaving Seller's mine property.

ARTICLE 6. COAL QUALITY SPECIFICATIONS

If the Parties set forth coal quality specifications in a Confirmation, the following Sections 6.01 – 6.03 shall apply with respect to those specifications.

6.01 At the Delivery Point, all tendered Coal shall be raw, substantially free of magnetic material and other foreign material impurities, and crushed to a maximum size as set forth in the Confirmation as determined in accordance with applicable American Society of Testing and Materials (ASTM) standards.

6.02 If there are three (3) Non-Conforming Shipments as defined in Section 6.04, whether rejected or not, under a Transaction in any three (3) month period or, if two (2) out of four (4) consecutive shipments under a Transaction are Non-Conforming Shipments, Buyer may upon notice confirmed in writing and sent to Seller, suspend future shipments except those shipments already loaded into railcars. Seller shall, within sixty (60) days, provide Buyer with reasonable assurances that subsequent deliveries of Coal shall meet or exceed the specifications set forth in the Confirmation. If Seller fails to provide such assurances within that sixty (60) day period, Buyer shall have the right to terminate the Transaction without further obligation hereunder on the part of either party. Termination shall be the sole remedy of Buyer under this Section. Buyer's waiver of this right for any one train shall not constitute a

waiver for subsequent trains. If Seller provides such assurances to Buyer's reasonable satisfaction, deliveries hereunder shall resume and any tonnage deficiencies resulting from suspension may be made up at Buyer's sole option subject to a mutually agreeable schedule. Buyer shall not unreasonably withhold its acceptance of Seller's assurances, or delay the resumption of shipment.

6.03 The Parties recognize during the performance of a Transaction, legislative, regulatory bodies or the courts may adopt environmental laws, rules, and regulations that will make it impossible or commercially impracticable for Buyer to utilize or to remarket Coal purchased under this Agreement. If, as a result of the adoption of such laws, rules, and regulations or changes in the interpretation or enforcement thereof, Buyer, in good faith, decides it will be impossible or commercially impracticable for Buyer to utilize or to remarket such Coal, Buyer shall promptly notify Seller in writing. After receiving such notification, Buyer and Seller shall promptly consider whether corrective actions can be taken in the mining and preparation of the Coal, in the operation of Buyer's generating station, or in Seller's substituting different source Coal. If in the Parties' reasonable judgment such actions will, make it impossible and commercially impracticable for Buyer to utilize or to remarket tendered Coal without violating any applicable law, regulation, policy, or order, Buyer shall have the right, upon sixty (60) days notice to Seller, to terminate the Transaction without further obligation on the part of either party. Termination shall be the sole remedy of Buyer and Seller under this section.

If Rejection Limits are specified in the Confirmation, this Section 6.04 shall apply.

6.04 If any Shipment of Coal triggers any of the Rejection Limits specified in the Confirmation for a Transaction (a "Non-Conforming Shipment"), Buyer shall have the option, within twenty-four (24) hours of Buyer's receipt of the quality analysis of the Coal, of either (i) rejecting such Non-Conforming Shipment prior to unloading the Coal, or, (ii) accepting the Non-Conforming Shipment and in addition to any quality adjustments outlined in the Confirmation, reducing the

price of Coal for such trainload by [redacted] per ton. If Buyer fails to timely exercise its rejection rights under this Section as to a Shipment, Buyer shall be deemed to have waived such rights to reject with respect to that Shipment only. Buyer's failure to timely exercise such notice does not constitute a waiver of its right to any penalty adjustment provided for herein or in the relevant Confirmation. If Buyer timely rejects the Non-Conforming Shipment, Seller shall be responsible for promptly transporting the rejected Coal to an alternative destination determined by Seller and, if applicable, promptly unloading such Coal. Seller shall reimburse Buyer for all reasonable costs and expenses associated with the transportation, storage, handling and removal of the Non-Conforming Shipment. Buyer shall cooperate with Seller in minimizing Seller's cost of redirecting the rejected Coal. Seller shall replace the rejected coal within a reasonable period of time.

ARTICLE 7. SAMPLING AND ANALYSIS

7.01 Seller shall cause, at its expense, the Coal in each unit train to be sampled and analyzed at the individual mine in accordance with applicable ASTM standards. Buyer shall have the right, at its own risk and expense, to have a representative present at any and all times to observe sampling and analysis procedures. All samples shall be divided into three (3) parts and put in suitable airtight containers. One part shall be furnished to Buyer or its designee for its analysis, one part shall be retained for analysis by Seller or its designee (which analysis shall be the basis for payment), and the third part shall be retained by Seller or its designee in one of the aforesaid containers properly sealed and labeled for a period thirty (30) days after the date of sample collection. Buyer's samples are to be clearly labeled as to mine, date of sampling, date of preparation, and other identification as to shipment (such as train identification number) and are to be sent within forty-eight (48) hours of train loading to the address listed below unless a different address is provided by Buyer in the Confirmation or otherwise in writing. Seller shall cause the following data, subject to future adjustment, to be provided to Buyer by a mutually agreed upon method of electronic data transmission within

forty-eight (48) hours of train loading: tonnage (gross, net, and tare average for each railcar and the unit train in total), and the average calorific value, % moisture, % ash, % sulfur, and % Na_2O in ash (if set forth in the Confirmation), (the "Short Proximate Analysis"). Any additional analysis requested by Buyer that exceeds the information provided in the Short Proximate Analysis shall be at Buyer's expense.

Mailing address for sample splits:

7.02 In the event a dispute arises between Buyer and Seller within thirty (30) days of Seller's analysis due to a difference between Buyer and Seller's short proximate analyses of a sample that exceeds the ASTM interlab repeatability limits, an independent testing laboratory, mutually agreeable to Buyer and Seller, will be retained to analyze the third part of such sample. The Party whose calorific value analysis is closest to the independent analysis shall prevail and such Party's calorific value analysis shall govern for the trainload in question. In such case, the cost of the analysis made by such independent testing laboratory will be borne by the Party whose calorific value analysis is furthest from the independent analysis and therefore, not used. In the event both Parties' calorific value analyses differ from the independent testing laboratory's result by the same amount, the independent testing laboratory's result shall govern for the trainload in question and the Parties shall share equally the cost of the independent testing.

ARTICLE 8. WEIGHING

8.01 Certified commercial scales at Seller's train loading facility at each individual mine will determine weights. Scales shall be calibrated and tested as customary in industry practice with copies of calibration and testing reports provided to Buyer upon request. If Seller's scales are not available to determine the valid net weight of all of the railcars in a unit train but valid weights are obtained for thirty (30) or more railcars in such train, the arithmetic

average of all of the valid net weights of the thirty or more railcars in such train shall be used as the net weight for each railcar in such train for which a valid net weight was not determined by Seller's scales. If Seller's scales are inoperative or fail to determine the valid net weight of at least thirty (30) railcars in a unit train, the weighted arithmetic average of the net railcar weights of the previous ten (10) unit trainloads of Coal shipped to Buyer shall be used as the net weight for each of the unweighed railcars in such train. The calculation of the weighted arithmetic average net weight for the previous ten (10) unit trainloads shall exclude all bad-order railcars, which were not loaded, and any trainload of Coal for which the net weights were estimated on thirty (30) or more railcars. The Buyer shall be notified electronically immediately after the above instance occurs.

ARTICLE 9. PRICE AND PRICE ADJUSTMENTS

9.01 For all Coal delivered under this Agreement, Buyer shall pay Seller the base price as set forth in the Confirmation.

9.02 Seller shall be solely responsible for all assessments, fees, costs, expenses, and taxes relating to the mining, production, sale, use, loading and tender of Coal to Buyer or in any way accruing or levied prior to transfer of title to the Coal to Buyer and including, without limitation, severance taxes, royalties, ad valorem, black lung fees, reclamation fees and other costs, charges and liabilities. The base price includes reimbursement to Seller of all environmental, land restoration and regulatory costs, including without limitation any reclamation costs required under applicable federal, state or local law as of the date of the Transaction. Buyer shall be responsible for any sales and/or use tax unless Buyer provides Seller an appropriate exemption certificate or similar document. The base price shall be subject to adjustments for changes in existing laws and regulations (including changes in levies and rates), or new laws or regulations, or changes in interpretations thereof enacted and in force during the term of sale set forth in the Confirmation that change Seller's costs of

producing Coal for delivery pursuant to any Confirmation. Notwithstanding the above, no price adjustment will occur under this Section until the cumulative effect of all such changes equals or exceeds $0.05 per ton for any calendar year under a Transaction. Seller shall use commercially reasonable best efforts to inform Buyer of any such change as soon as Seller becomes aware of such change and its effect on the base price of Coal hereunder.

9.03 The base price may also include an adjustment based upon the calorific value, sulfur content or other qualities of the Coal as the Parties may mutually agree upon and as set forth in the Confirmation.

ARTICLE 10. INVOICES, PAYMENTS, NETTING, SET OFF, AND CREDIT RATINGS

10.01 Based on Seller's weights, Seller will invoice Buyer twice a month for all Coal delivered. Invoices for quality adjustment, as provided in a Transaction, shall be issued monthly, based on Seller's analyses. Seller shall clearly indicate Buyer's applicable purchase order number on all invoices. Each invoice shall state for each trainload of Coal: the quantity of Coal delivered, the Actual Btu and SO_2, % Na_2O in ash (if set forth in the Confirmation) and the invoice price and any other required quality adjustment. Invoices shall be mailed or electronically transmitted, as applicable, to:

Invoices to *Buyer* :

Attn:

Invoices to Kennecott:

Kennecott Coal Sales Company
Attn: Revenue Accounting
Caller Box 3017 (82717-3017)
405 West Boxelder Road, Suite D
Gillette, WY 82718

ACH/Wires to Kennecott:
Kennecott Energy and Coal
Account # 060-00298-13
Wells Fargo Bank
41 East 100 South
ACH ABA # 124000012
Wire ABA # 121000248

Payment Detail:
To ensure proper allocation of payments to appropriate invoice, e-mail invoice numbers and amounts to: keccash@kenergy.com or information may be faxed to (307) 687-6010

10.02 For all invoices, payment will be made within 5 business days of receipt of that invoice. Amounts shall be paid via electronic means (i.e., ACH or Federal Reserve wire transfer of funds). The wire transfer of funds shall be sent to Seller's bank as indicated on the invoice.

10.03 In the event Buyer in good faith disputes part or all of an invoice, notice of the disputed portion, with reasons for dispute, must be given prior to the due date of the invoice and the undisputed portion shall be paid by the due date. If the disputed portion is determined to have been properly due and payable, interest on that portion in dispute and which has not been paid shall accrue from the date that portion was due and payable. If a disputed portion is paid and is later determined not to have been properly due and payable, interest will similarly be refunded from the date payment had been received. Interest shall be paid at one (1) percentage point over the then current U.S. prime rate as listed in the Money Rates section of The Wall Street Journal. All invoices will be final and not subject to further adjustments or correction unless objection to the accuracy thereof is made prior to the lapse of one (1) year after the termination of the applicable Transaction.

10.04 If each Party or Party's affiliate is required to pay an amount to the other Party in the same invoice period, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting; in which case, the Party owing

the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

10.05 Each Party reserves to itself all rights, setoffs, counterclaims, and other remedies and defenses to the extent not expressly denied or waived herein which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection under this Agreement may be offset against each other, set off, or recouped therefrom.

10.06 If a Party fails to pay amounts under this Agreement within 5 business days after receipt of invoice, unless such amount is the subject of a dispute as provided above, or is excused by Article 11, in addition to the rights and remedies otherwise provided in this Agreement, the aggrieved Party shall have the right to suspend performance under any or all Transactions under this Agreement. If such failure to pay continues for an additional 5 business days, the aggrieved Party shall have the right to terminate this Agreement and all Transactions and shall be entitled to all other rights under this Agreement.

10.07 Should the creditworthiness or either Party's ability to perform become unsatisfactory to the other Party, or if situations develop where either Party could reasonably conclude that a credit downgrade or protection under bankruptcy code is imminent, then the failing Party will provide satisfactory security or assurances.

10.08 If a Party's or any of its affiliates' credit falls below investment grade (BBB- as defined by Standard & Poor's, Moody's, or the equivalent), the failing Party shall provide the non-failing Party with a mutually agreed upon credit enhancement in the form of, but not limited to, letters of credit, compressed payment terms or cash on delivery. If the failing Party does not provide an acceptable credit enhancement within 48 hours of notice, the non-failing Party shall have the right to suspend shipments and seek remedies as set forth in this Master

Agreement.

ARTICLE 11. FORCE MAJEURE

11.01 The term "Force Majeure" as used herein shall mean an act or event that is not reasonably within the control and is without the fault of the party claiming Force Majeure including without limitation, acts of God; acts of the public enemy; insurrections; terrorism; riots; labor disputes; boycotts; fires; explosions; floods; breakdowns of or damage to major components or equipment of Buyer's generating station, Seller's mine, or transmission systems or Buyer's transportation; embargoes; acts of judicial or military authorities; acts of governmental authorities; inability to obtain necessary permits, licenses, and governmental approvals after applying for same with reasonable diligence; or other causes which prevent the producing, processing, and/or loading of Coal by Seller, or the receiving, accepting, unloading and/or utilizing of Coal by Buyer. Force Majeure includes the failure of a Party's contractor(s) to furnish labor, services, Coal, materials or equipment in accordance with its contractual obligations (but solely to the extent such failure is itself due to Force Majeure).

11.02 If, because of Force Majeure, either Party fails to perform any of its obligations under this Agreement (other than the obligation of a Party to pay money), and if such Party shall promptly give to the other Party written notice of such Force Majeure, then the obligation of the Party giving such notice shall be suspended to the extent made necessary by such Force Majeure and during its continuance; provided, the Party giving such notice shall use good faith efforts to eliminate such Force Majeure, insofar as reasonably possible, with a minimum of delay. Should the situation of Force Majeure exceed sixty (60) consecutive days, the Party not affected by the Force Majeure event may, at its option, terminate the Transaction in whole or in part and neither Party shall have any further obligation to the other Party; however, each Party shall be obligated to make any payments which had become due and payable prior to such termination. Any deficiencies in deliveries of Coal caused by an event of Force Majeure

shall not be made up, except by mutual consent. The affected Party shall provide suitable proof to the other Party to substantiate any claim made under this Article 11.

11.03 Both Parties agree significant capital expenditures and settlement of strikes and lockouts shall be entirely within the discretion of the Party having the difficulty. The above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require significant capital expenditure or settlement of strikes and lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having difficulty.

11.04 The loss of Buyer's markets or Buyer's inability to economically use or resell Coal purchased hereunder, the loss of Seller's supply or Seller's ability to sell Coal to a market at a more advantageous price, the change in the market price of Coal or price of power, or regulatory or contractual disallowance of the pass-through of the costs of Coal or other related costs shall not constitute events of Force Majeure.

ARTICLE 12. RECORDS, AUDITS, ACCESS

12.01 Seller shall maintain books and records relating to the supply of Coal under this Agreement and the applicable Transaction for a period of not less than two (2) years after the end of each calendar year for all Coal tendered during such calendar year.

12.02 Upon reasonable notice and during normal business hours, Buyer and/or Buyer's independent auditors shall have the right to inspect Seller's books and records relating to all provisions of this Agreement which include Coal quality, quantity shipped, and price adjustments or as may be necessary to satisfy inquiries from governmental or regulatory agencies, but only to the extent necessary to verify the accuracy of any statement, charges or computations made pursuant to this Agreement and/or a Transaction. Seller shall make a

reasonable effort to facilitate Buyer's inspection of such records in Seller's possession. Buyer and its auditors, to the extent permitted by law or regulation, shall treat all such information as confidential.

ARTICLE 13. DEFAULT, REMEDIES, AND TERMINATION

13.01 The remedies set forth in this Section 13.01 shall cover the non-defaulting Party's remedies for the defaulting Party's failure to perform prior to any termination for default that may occur.

a) As an alternative to the damages provision below, if the Parties mutually agree in writing, the non-performing Party may schedule deliveries or receipts, as the case may be, pursuant to such terms as the Parties agree in order to discharge some or all of the obligation to pay damages. In the absence of such agreement, the damages provision of this Article shall apply.

b) Unless excused by Force Majeure, if Seller fails to deliver the quantity of Coal in accordance with the applicable Confirmation and this Agreement, Seller shall pay to Buyer an amount for each ton of Coal of such deficiency equal to (i) the lowest reasonable market price on an equivalent per mmBtu SO_2 adjusted basis at which Buyer is able, or (ii) at the time of Seller's breach, would be able to purchase or otherwise receive comparable supplies of Coal of comparable quality minus the base price agreed to for the specific Transaction; except that if such difference is negative, then neither Party shall have any obligation to make any deficiency payment to the other.

c) Unless excused by Force Majeure, if Buyer fails to accept delivery of the quantity of Coal in accordance with the applicable Confirmation and this Agreement, Buyer shall pay to Seller an amount for each ton of Coal of such deficiency equal to (i) the base

price agreed to for the specific Transaction minus the highest reasonable market price on an equivalent per mmBtu SO_2 adjusted basis at which Seller is able, or (ii) would be able, to sell or otherwise dispose of the Coal at the time of Buyer's breach; except that if such difference is negative, then neither Party shall have any obligation to make any deficiency payment to the other.

d) Buyer and Seller shall be subject to commercially reasonable good faith obligation to mitigate any damages hereunder.

13.02 The occurrence of any of the following shall constitute an "Event of Default":

a) Failure by either Party to pay any amounts due.

b) Either Party materially breaches any contractual obligation under this Agreement.

c) Either Party (i) makes any general assignment or any general arrangement for the benefit of creditors, (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar law for the protection of creditors or has such a petition involuntarily filed against it and such petition is not withdrawn or dismissed within thirty (30) days after such filing, (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) is unable to pay its debts as they fall due.

13.03 In addition to the non-defaulting Party's remedies under this Article, in the Event of Default with respect to a specific Transaction, the non-defaulting Party shall have the same rights with respect to such specific Transaction as it has under this Agreement in addition to the right to exercise all other rights and remedies available under applicable law.

ARTICLE 14. NOTICES

14.01 Except as expressly provided otherwise, any notice, election or other correspondence required or permitted hereunder shall become effective upon receipt and, except invoices and payments, shall be deemed to have been properly given or delivered when made in writing and delivered personally to the Party to whom directed, or when sent by United States certified mail with all necessary postage prepaid and a return receipt requested, or by a nationally recognized overnight delivery service with charges fully prepaid and addressed to the Party at the below-specified address:

Notices to Kennecott:
Kennecott Coal Sales Company
Attn: Contract Administration
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716
Phone: (307) 687-6019
Fax: (307) 687-6009

Scheduling to Kennecott:
Kennecott Coal Sales Company
Attn: Customer Service Department
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716
Phone: (307) 685-6110
Fax: (307) 687-6009

Notices to *Buyer* :

The addresses may be changed upon written notice in the manner provided above, and no amendment hereof shall be required for a change of address under this Article 14.

ARTICLE 15. COOPERATION

15.01 Each Party agrees to take all further action that may be reasonably necessary to perform and to effectuate the purposes and intent of the Agreement, the Confirmation, and any particular Transaction.

ARTICLE 16. WARRANTY, LIMITATION ON LIABILITY, DUTY TO MITIGATE & INDEMNIFICATION

16.01 In no event shall either Party be liable to the other Party for incidental, consequential or punitive damages however and wherever arising out of, or in connection with, this Agreement or any Transaction.

16.02 **EXCEPT AS EXPRESSLY WARRANTED HEREIN, IT IS EXPRESSLY AGREED THAT SELLER MAKES NO WARRANTY EXPRESSED OR IMPLIED AS TO THE QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE COAL TO BE DELIVERED UNDER THIS AGREEMENT OR AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF SUCH COAL. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF PROFITS OR OVERHEAD, BY VIRTUE OF ITS BREACH OF ANY OF ITS OBLIGATIONS UNDER THE AGREEMENT. NOTHING IN THIS ARTICLE SHALL BE CONSTRUED AS LIMITING BUYER'S RIGHT, SUBJECT TO THE TERMS OF THIS AGREEMENT, TO SEEK DIRECT DAMAGES FOR SELLER'S BREACH OF ANY OF ITS OBLIGATIONS HEREUNDER.**

16.03 Each Party agrees it has a duty to mitigate damages and covenants. Each Party will use commercially reasonable efforts to minimize any damages it may incur as a result of the other

Party's performance or non-performance of the Agreement (except that neither Party shall be required to enter into a replacement transaction as provided under this Agreement).

16.04 Each Party shall indemnify, defend, and hold the other Party harmless from and against any and all Claims arising out of or resulting from the willful acts or negligence of such Party, its agents, and employees.

ARTICLE 17. LIMITATION ON WAIVER

17.01 No waiver by either Party of any one or more defaults of the other Party in the performance of this Agreement or any Transaction shall operate or be construed as a waiver of any future default, or defaults, whether of a like or different character.

ARTICLE 18. CONFIDENTIALITY

18.01 This Agreement and any Confirmation are deemed confidential. The Parties shall protect the confidentiality of the terms of this Agreement and neither this Agreement or any of its terms shall be disclosed to any other person unless such disclosure is: (i) agreed to in writing by the Parties prior to release, (ii) required by law, (iii) required by jurisdictional regulation pursuant to the request of any regulatory authorities (including, without limitation, state utility commissions or boards, the Federal Energy Regulatory Commission, the U.S. Securities and Exchange Commission and tax authorities); to attorneys, auditors, consultants or other outside experts of the parties if said individuals are advised of the confidential nature of the information and said individuals agree to maintain the confidentiality of the information; or to generating unit co-owner(s). Where the law requires such disclosure, notice shall be given to the other Party, and to the extent possible, such notice shall be given in advance of disclosure.

ARTICLE 19. ENTIRETY, AMENDMENTS

19.01 This Agreement constitutes the entire agreement between the Parties. This Agreement may not be amended except in a written instrument making reference hereto signed by the Parties.

ARTICLE 20. SUCCESSORS AND ASSIGNS

20.01 This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns; provided, however, this Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

ARTICLE 21. GOVERNING LAWS

21.01 This Agreement shall be governed by and construed in accordance with the laws in the State of Wyoming.

ARTICLE 22. INTERPRETATION

22.01 The Parties acknowledge that each Party and its counsel have reviewed this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

ARTICLE 23. RESALE AND BUYER'S OBLIGATIONS

23.01 The Parties agree, unless specifically provided otherwise in a specific Confirmation, Buyer may resell the Coal purchased under a particular Transaction to another party ("Buyer's Customer"). **The Parties agree that Buyer's Customer may perform some of Buyer's** obligations; nevertheless, Buyer shall remain liable for all of Buyer's obligations hereunder and Buyer shall indemnify and hold Seller harmless from and against any and all Claims made by Buyer's Customer against Seller. In addition, Buyer agrees to the following:

a) Buyer shall inform Seller at least twenty-four (24) hours in advance of arrival of each unit train at the mine of the identification number of the unit train, identification of Buyer's Customer, and destination of such unit trains.

b) The loading of such unit train shall be in accordance with the loading provisions set forth herein unless Buyer notifies Seller in advance of different loading provisions and such different loading provisions are in general accordance with general operating parameters in the mine's region, and do not, in Seller's reasonable opinion, impose an undue operating or economic burden on Seller.

c) All information to be supplied by Seller to Buyer under this Agreement including but not limited to analysis, weights, train manifest and invoicing information shall be supplied to Buyer and Buyer shall be responsible for transmitting such information to Buyer's Customer. Buyer is specifically released from its confidentiality obligations (Article 18) with respect to quality and weighing information provided by Buyer to Buyer's Customer.

d) If Buyer claims a Force Majeure event at or associated with Buyer's generating station, such claim shall not apply to Coal taken under this Agreement and sold by Buyer to Buyer's Customer. Force Majeure events occurring at or associated with generating stations or other facility to which Buyer has resold Coal, shall not affect the tonnage obligation of the Buyer under this Agreement.

ARTICLE 24. SURVIVAL

24.01 The provisions of Articles 12 through 22 and Article 24 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective, duly authorized representatives effective as of the date first written above.

Kennecott Coal Sales Company

By:_____

Kelly A. Cosgrove
Vice President, Marketing & Sales

Date:

By:_____

Title:_____

Date:_____

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DRAFT

SAMPLE

CONFIRMATION LETTER

Kennecott #:

Buyer:

Seller: Kennecott Coal Sales Company
Caller Box 3009 (82717-3009)
505 South Gillette Avenue
Gillette, WY 82716

Attn:
Phone:
Fax:

Attn:
Phone:
Fax:

This letter shall confirm the transaction arranged _____, between _____ (" ") and Kennecott Coal Sales Company ("Kennecott") pursuant to the Master Coal Purchase and Sale Agreement effective _____, 2003. **The terms and conditions of this transaction are as follows:**

Kennecott to sell and deliver and _____ to purchase and receive.

Transaction Type: Physical Coal

Product: Sub-Bituminous coal; _____ Btu/Lb. and _____ Lbs. SO_2/mmBtu

Base Price: $_____ per ton of coal

Shipment Period:

Quantity:

Delivery Point: FOB Railcar, _____ Mine – _____ County, Wyoming

Topsize: _" x 0" ASTM

Quality: Coal Quality Specifications

	Section 9.03 – Standard Btu and Sulfur for price adjustments as set forth below:	Sections 6.02 & 6.04 Reject Limits/ Non-Conforming Shipment
Btu/Lb		
Lbs. SO_2/mmBtu		

Btu Adjustment: To reflect the actual heat content of the coal delivered, each month the Base Price of coal will be adjusted for any variation from _____ Btu/Lb., using the following formula:

$$\text{Btu Adjustment Per Ton} = P \times \frac{(AR - BB)}{BB}$$

Where:

P = The Base Price of coal per ton delivered during the month;

AR = The monthly weighted average "As-Received" Btu's per pound of the respective coal[s] delivered to _____; **and,**

BB = The Base Btu's per pound of the respective coal[s] delivered to _____ during the month; the **BB** value = _____

All shipment Btu's and weighted average Btu's shall be in zero decimals. All prices for Btu adjustments shall be calculated using floating-point decimals, with the result being rounded to three decimal places as shown in the following example:

Sample info: P = $7.00/ton, BB = 8800, AR = 8820

$$\text{Btu adjustment per ton} = \$7.00 \times \frac{(8820-8800)}{8800}$$
$$= \$7.00 \times .002272727$$
$$= \$0.015909089$$
$$= \$0.016$$

Sulfur Adjustment: To reflect the actual sulfur content of Coal delivered, each month the Base Price of Coal will be adjusted in accordance with the following formulas.

For purposes of this adjustment, it shall be assumed that 100% of the sulfur in the Coal will be converted to sulfur dioxide ("SO_2"). The pounds SO_2 per mmBtu shall be calculated in accordance with the following formula based on Seller's lab analysis of the percent sulfur in the Coal and the calorific value of the Coal. All weighted average sulfur shall be in two decimals:

$$\textbf{Lbs. } SO_2\textbf{/mmBtu} = \frac{\text{Monthly Weighted Average Sulfur \% in Coal X 20,000}}{\text{Monthly Weighted Average Btu/Lb.}}$$

All shipment sulfur percent and weighted average sulfur percent shall be stated in two decimals. SO_2 for the period billed shall be calculated using floating-point decimals, with the result being rounded to two decimal places as shown in the following example:

Sample info: Monthly Weighted Average Sulfur % in Coal = .22,
Monthly Weighted Average Btu/Lb. = 8820

Lbs. SO_2/mmBtu = (.22 X 20,000) / 8820 = .498866213 = .50

Sulfur adjustment in $/ton of Coal =

$$\frac{(\text{Base Lb. } SO_2\text{/mmBtu} - \text{Actual Lb. } SO_2\text{/mmBtu}) \text{ X Actual Btu/Lb. X \$ADI}}{1{,}000{,}000}$$

ADI = The "SO_2 Monthly Average Price" published by *Air Daily* for the month preceding delivery.

Base Lb. SO_2/mmBtu =

All shipment SO_2 and weighted average SO_2 shall be stated in two decimals. All prices for sulfur adjustments are to be calculated using floating-point decimals, with the result being rounded to three decimal places as shown in the following example:

Sample info: Actual Btu = 8820, Base SO_2 = .55, Actual SO_2 = .50, SO_2 Allowance (ADI) = $146.10

Sulfur Adjustment in $/ton of Coal = ((.55 - .50) X 8820 X $146.10) / 1,000,000
= $0.0644301
= $0.064

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR, AND EACH OF THE PARTIES WAIVES THE RIGHT TO SEEK INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

Please confirm that the terms and conditions stated herein accurately reflect your understanding of our agreement by signing and returning to Leslie Thorn at Seller's address.

By: _____ Date: _____

By: _____ Date: _____
Kennecott Coal Sales Company

2 Bids
One 1.5-2.1#
One 1.2#

Massey Utility Sales Company

Massey Energy®

May 11, 2004

Post Office Box 26765
Richmond, Virginia 23261
4 North Fourth Street
Richmond, Virginia 23219
Tel (804) 788-1800
Fax (804) 788-1811

Mr. Al Pitcher
Vice President - Coal Procurement
Progress Fuels Corporation
One Progress Plaza, Suite 600
St. Petersburg FL 33701

Attn: Robin Ott

Dear Al:

We at Massey Utility Sales appreciate the opportunity to respond to your recent solicitation.

Please note that the following applies to our proposals:

- The price shall be fixed for the first year, a price-reopener will occur on November 1st of each year. The parties shall renegotiate, if the parties agree, the agreement shall be extended for another year. If the parties cannot agree by December 31st, the agreement shall run for six-months and expire (June 30th).
- All proposals are subject to prior sale.
- All proposals are subject to mutually agreeable terms and conditions.
- If Massey is competitive we propose that we use our existing agreement as a framework for a new agreement
- Examples of specific terms and conditions to be included are as follows:
  - Payment Terms: 10 Days from receipt of invoice
  - No freight differentials
  - Additional Massey owned operating subsidiaries shall be included as shipping sources. The guaranteed specifications shall remain as quoted.
  - All proposals are subject to formulizing the agreement and finalizing documents within 15 days.

If you should have any questions or require any additional information, please feel free to call me at 804-782-1678.

Sincerely,

John R. Parker
Senior Vice President

JRP/kcb

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: New Ridge Mining Company/ Sidney Coal Company		
STREET ADDRESS: P.O. Box 299 Sidney, Kentucky 41564		
CONTACT: Sid Young	TELEPHONE NO. 606-353-7201	
MINE(S): Love Branch; John's Creek BOM DISTRICT: 8	COUNTY: Pike	STATE: Kentucky
ORIGINAL RAILROAD(S)/ DISTRICT: EK____ CV___ Big Sandy__x___ Other_____	R/R TIPPLE DESIGNAITON/NUMBER: 84191	
TYPE OF LOADING FACILITY: UNIT TRAIN: __x__	SINGLE CAR: _____	TRAINLOAD: _____
MAXIMUM LOADING CAPACITY: 12,000 TONS	4 HOURS	130 loads 130 empties TRACK CAPACITY
TOTAL PRODUCTION CAPACITY PER MONTH: _____ TONS		
PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS:_____ TONS		
TYPE OF MINE: 50 % DEEP	50 % STRIP	_____ % AUGER
SEAMS: Cedar Grove	BLEND RATIOS:	
COAL PREPARATION: 50% RAW	50% WASHED	X COMBINATION
TYPE OF COAL WASHER, IF WASHED: Heavy Media – Cyclones – CMI Dryers		
TYPE OF COAL SAMPLING: J.B. Long – 2 stage automatic		
TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION: N/A	
TYPE OF COAL WEIGHING: Batch weigh	SCALE CERTIFIED? X YES __ NO	

PERIOD	TONNAGE	BASE PRICE PER TON FOB BARGE
January 2005 – December 2005	60,000 tons/month	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

This proposal is subject to prior sale and subject to mutually agreeable terms and conditions.

CUSTOMER REFERENCES: Progress Fuels – Carolinas/ Detroit Edison/ Duke Energy/ TVA

SIGNATURE: John R. Rueckert	TITLE: Senior Vice President	DATE: 5/10/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 60C
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	NORTH CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINA BITUMINOUS "AS RECEIVED"
MOISTURE (TOTAL) %	7.02	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	4.70	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	12.50	13.0% MAX.[2]	13% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.85#	2.10#	1.2 LB/MAX.[1]	2.0 LB/MAX.[1] 3.2 LB/MAX.[1]
BTU/LB	12300	12100	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H= 1/2W (R)	2600	2500	2,500 MIN.	2,500 MIN.
VOLATILE %	30.00	31.00	28.0% MIN.[1]	28.0% MIN [1]
GRINDABILITY, HARDGROVE	43	42	37 MIN.[3]	37 MIN.[3]
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	48	40% MAX.[5]	45% MAX.[5]
FIXED CARBON %	49.50		----------	----------
HYDROGEN %	4.25		----------	----------
NITROGEN %	1.24		----------	----------
CHLORINE %	0.16		----------	----------
OXYGEN %	5.80		----------	----------

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV
P_2O_5	0.14		Antimony		
SiO_2	62.25		Arsenic	5.9	
Fe_2O_3	5.48		Beryllium	2.4	
Al_2O_3	31.15		Cadmium	0.1	
TiO_2	1.28		Chromium	32	
CaO	0.71		Cobalt	4.7	
MgO	0.68		Fluorine		
SO_3	0.52		Lead	5.4	
K_2O	1.85		Lithium		
Na_2O	0.63		Manganese		
Undetermined			Mercury	0.049	
Base/Acid Ratio	0.10		Nickel		
Maximum Base/Acid Ratio			Selenium	5.1	

* NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CONTACT: Cathy Frazier		TELEPHONE NO. 304-792-0040	
MINE(S): Highland	BOM DISTRICT: 8	COUNTY: Logan	STATE: West Virginia
SEAMS: Coalburg; Stockton; 5-Block		BLEND RATIOS	

TYPE OF LABOR CONTRACT(S): N/A	DATE FOR RENEGOTIATION: N/A
TYPE OF COAL WEIGHING: Batch Weigh	SCALE CERTIFIED? __X__ YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
January 2005 – December 2005	60,000 tons/month total	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS:

This proposal is subject to prior sale & subject to mutually agreeable terms and conditions.

CREDIT REFERENCES (Minimum two): Duke Energy, Joy Manufacturing

SIGNATURE: John R. Burkhardt	TITLE: Senior Vice President	DATE: 5/11/04

MAIL THIS FORM AND ANY AD

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS	
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	NORTH CAROLINA BITUMINOUS "AS RECEIVED"	CAROLINA **BITUMINOUS** "AS RECEIVED"
MOISTURE (TOTAL) %	7.00	8.00	8.0% MAX.	8.0% MAX.
SURFACE MOISTURE %	5.00	5.00	5.0% MAX.	5.0% MAX.
ASH %	12.75	12.50	13.0% MAX.[2]	13% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.80#	2.10#	1.2 LB/MAX.[1]	2.0 LB/MAX.[1] 3.2 LB/MAX.[1]
BTU/LB	12200	12100	12,000 MIN.	12,000/LB MIN.
ASH SOFTENING **DEGREES FAHRENHEIT** H = 1/2W (R)	2550	2500	2,500 MIN.	2,500 MIN.
VOLATILE %	30.00	30.00	28.0% MIN.[1]	28.0% MIN.[1]
GRINDABILITY, HARDGROVE	43	42	37 MIN.[3]	37 MIN.[3]
SIZE	2 x 0	2 x 0	2" X 0"	2" X 0"
FINES (-1/4" X 0")	45	50	40% MAX.[5]	45% MAX.[5]
FIXED CARBON %	49.50		----------	----------
HYDROGEN %	4.26		----------	----------
NITROGEN %	1.22		----------	----------
CHLORINE %	0.15		----------	----------
OXYGEN %	5.35		----------	----------

[1]Must be met on an individual shipment basis.
[2]Adjustable in direct proportion to Btu.
[3]Adjustable in inverse proportion to Btu.
[4]Economic analyses will be based on these values.
[5]Preferred value, coals not meeting this specification will be considered.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	* DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.12		Antimony		
SiO_2	62.20		Arsenic	5.7	
Fe_2O_3	5.12		Beryllium	2.2	
Al_2O_3	30.70		Cadmium	0.1	
TiO_2	1.19		Chromium	33	
CaO	0.73		Cobalt	4.0	
MgO	0.62		Fluorine		
SO_3	0.56		Lead	5.1	
K_2O	1.82		Lithium		
Na_2O	0.69		Manganese		
Undetermined			Mercury	0.048	
Base/Acid Ratio	0.12		Nickel		
Maximum Base/Acid Ratio			Selenium	5.0	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM

Crystal River 1 & 2

PRODUCER NAME: Logan & Kanawha Coal Co., Inc.

STREET ADDRESS: 96 MacCorkle Ave. SW, South Charleston, WV 25303

CONTACT: Joe Czul | TELEPHONE NO. (304) 746-4011

MINE(S): Snap Creek | BOM DISTRICT: 8 | COUNTY: Logan | STATE: WV

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Kanawha | R/R TIPPLE DESIGNATION/NUMBER Belva 82592

TYPE OF LOADING FACILITY:
UNIT TRAIN: X | SINGLE CAR: _____ | TRAINLOAD: 100 cars

MAXIMUM LOADING CAPACITY:
10,000 TONS | 4 HOURS | 100 TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES X NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 75,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 70,000 TONS

TYPE OF MINE: ____% DEEP | 100 % STRIP | ____% AUGER

SEAMS: Coalburg, Stockton | BLEND RATIOS: 70/30

COAL PREPARATION: _____ RAW | _____ WASHED | _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED:

TYPE OF COAL SAMPLING: 2 stage automatic

TYPE OF LABOR CONTRACT(S): Non-Union | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: None | SCALE CERTIFIED? ____YES ____NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
1/1/05--12/31/07	30,000 tons a month	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: Subject to prior sale

CREDIT REFERENCES (Minimum two):

CUSTOMER REFERENCES (Minimum four):

SIGNATURE: _____ | TITLE: President | DATE: 5/10/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6	8 [4]	8.0% MAX.
SURFACE MOISTURE %	2	4	5.0% MAX.
ASH %	11	13 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.5	1.6	2.1 LB/MAX.[1]
BTU/LB	12,500	12,500 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2700 [4]	2,500 MIN.
VOLATILE %	32	30 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	45	42 [4]	42 MIN.[3]
SIZE	2 x 0		2" X 0"
FINES (-1/4" X 0")	40		45% MAX.[5]
FIXED CARBON %	73.04		———
HYDROGEN %	4.77		———
NITROGEN %	1.32		———
CHLORINE %	.10		———
OXYGEN %	6.13		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	.15		Antimony		
SiO_2	59.84		Arsenic	1.70	
Fe_2O_3	4.50		Beryllium	2.22	
Al_2O_3	29.10		Cadmium	1.11	
TiO_2	1.57		Chromium	15.50	
CaO	1.11		Cobalt	22.20	
MgO	.61		Fluorine		
SO_3	.23		Lead	6.08	
K_2O	1.35		Lithium		
Na_2O	.12		Manganese	74	
Undetermined			Mercury	.18	
Base/Acid Ratio	.08		Nickel	150	
Maximum Base/Acid Ratio	.10		Selenium	4.05	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

LOGAN & KANAWHA COAL COMPANY, INC.
COAL SPECIFICATION SHEET

Mine	Snap Creek
Annual Production	1,000,000
Seam	Coalburg/Stockton
Mining Method	Surface
Delivery	CSX

Chemistry-As Received

Moisture	8.00
Ash	12.00
Volatile	33-35
Sulfur	0.85
BTU	12,500
Hargrove	45
Chlorine	0.14

Ultimate-As received basis

Moisture	2.30
Carbon	72.16
Hydrogen	4.27
Nitrogen	1.24
Sulfur	0.85
Ash	11.70
Oxygen	7.48

Ash Fusion

Initial Deformation	2700
Softening	2700
Hemispherical	2700
Fluid	2700

Ash Mineral Analysis

Silicon Dioxide	54.38
Aluminum Oxide	34.37
Calcium Oxide	1.09
Potassium Oxide	2.10
Magnesium Oxide	0.60
Sodium Oxide	0.20
Sulfur Trioxide	0.58
Feric Oxide	4.37
Titanium Dioxide	1.38
Phosphorous Pentox	0.04
Strontium Oxide	0.10
Barium Oxide	0.02
Manganese Oxide	0.08
Undetermined	0.68

Nearest town: Man, WV

Mine State permit # S-5013-96
Loadout State permit # O-5011-96
Mine MSHA # 46-08917
Loadout MSHA # 46-08918

100% raw, 0% washed
Size: 2 x 0

Marshall
Resources, Inc.

P.O. Box 3368
Charleston, WV 25333

(304) 345-1276 Office
(304) 345-1278 Fax
jmcampbell@citynet.net

May 11, 2004

Ash & Val
Above & below the
request spec —
Also very little
leeway given for
sulfur. They have
previously had trouble
making spec.
No
Buy
5/17/04

SENT VIA FED EX TO: Mrs. Robin Ott

Mr. Al Pitcher
Progress Fuels Corporation
P. O. Box 15208
St. Petersburg, FL 33733

RE: **NON-COMPLIANCE COAL RFP DUE 5/12/04**

Dear Al:

Marshall Resources, Inc., is pleased to submit the attached proposal in response to your NON-COMPLIANCE COAL RFP. Pricing for this proposal is based on certified weights and independent analysis at the loading point. This proposal is subject to extension, revocation or modification by Marshall Resources, Inc., without prior notice to Progress Fuels Corporation. It is also subject to negotiation and execution of a mutually agreeable coal supply agreement.

We look forward to a favorable response and will be glad to answer any questions that arise concerning this proposal. Thank you for including us in your solicitation.

Sincerely,

Beverly P. Reynolds
Sales Agent
Office: 606-638-0360
Cell: 304-638-9562

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Marshall Resources, Inc.

STREET ADDRESS: P. O. Box 3368, Charleston, WV 25333

CONTACT: Beverly P. Reynolds | TELEPHONE NO. 606-638-0360

MINE(S): Apex #3 | BOM DISTRICT: 8 | COUNTY: Pike | STATE: KY

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Clinchfield _____ | R/R TIPPLE DESIGNATION/NUMBER: 50513

TYPE OF LOADING FACILITY
UNIT TRAIN: YES | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY
12,000 TONS | 24 Hour (7 hours actual loading time)___ HOURS | 110 TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES X NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____DOCK | LOAD RATE

TOTAL PRODUCTION CAPACITY PER MONTH: 60,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 60,000 TONS

TYPE OF MINE: _____% DEEP | 100 % STRIP | _____% AUGER

SEAMS: Alma/Elkhorn 2 | BLEND RATIOS

COAL PREPARATION: 100% RAW | _____ WASHED | _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED

TYPE OF COAL SAMPLING: HSS 2 Stage Automatic

TYPE OF LABOR CONTRACT(S): Union free | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Kanawha Ramsey Belt Scale | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
JAN – DEC, 05	250,000 tons	[redacted]
JAN – DEC, 06	250,000 tons	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN **"X"** IN THIS SPOT.

PRODUCER'S COMMENTS:

CREDIT REFERENCES (Minimum two)

CUSTOMER REFERENCES (Minimum four):

SIGNATURE: Beverly P. Reynolds | TITLE: Sales Agent | DATE: 05/11/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2
PAGE 2 OF 3

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.50	7.00	8.0% MAX.
SURFACE MOISTURE %	4.00	5.00	5.0% MAX.
ASH %	12.40	13.00	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.95	2.1	2.1 LB/MAX.[1]
BTU/LB	12,550	12,500	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2600	2500	2,500 MIN.
VOLATILE %	30	29	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	52	50	42 MIN.[3]
SIZE	2 x 0	2 x 0	2" X 0"
FINES (-1/4" X 0")	30	40	45% MAX [4]
FIXED CARBON %	55	50	----------
HYDROGEN %	4.4	4.0	----------
NITROGEN %	1.4	1.4	----------
CHLORINE %	0.10	.11	----------
OXYGEN %	6.2	6.0	----------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.08		Antimony		
SiO_2	57		Arsenic		
Fe_2O_3	5.1		Beryllium		
Al_2O_3	29		Cadmium		
TiO_2	1.2		Chromium		
CaO	1.2		Cobalt		
MgO	0.9		Fluorine		
SO_3	0.6		Lead		
K_2O	2.9		Lithium		
Na_2O	0.7		Manganese		
Undetermined	0.5		Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS			REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED		BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %			[4]	8.0% MAX.
SURFACE MOISTURE %				5.0% MAX.
ASH %			[4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)				2.1 LB/MAX.[1]
BTU/LB			[4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)			[4]	2,500 MIN
VOLATILE %			[4]	31.0% MIN.[3]
GRINDABILITY, HARDGROVE			[4]	42 MIN.[3]
SIZE				2" X 0"
FINES (-1/4" X 0")				45% MAX.[5]
FIXED CARBON %				---
HYDROGEN %				---
NITROGEN %				---
CHLORINE %				---
OXYGEN %				---

Same as Current Quality Sheet

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5			Antimony		
SiO_2			Arsenic		
Fe_2O_3			Beryllium		
Al_2O_3			Cadmium		
TiO_2			Chromium		
CaO			Cobalt		
MgC			Fluorine		
SO_3			Lead		
K_2C			Lithium		
Na_2O			Manganese		
Undetermined			Mercury		
Base/Acid Ratio			Nickel		
Maximum Base/Acid Ratio			Selenium		

COALSALES

Barbara E. Busby
Vice President – Sales & Marketing

Peabody COALSALES Company
701 Market Street
St. Louis, Missouri 63101-1826
Phone 314.342.7600

May 11, 2004

Mr. A.W. Pitcher
Vice President, Coal Procurement
Progress Fuels Corporation
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Dear Al:

Peabody COALSALES Company is pleased to submit the attached proposal for non-compliance coal to Progress Fuels Corporation (PFC) for your consideration. This proposal will expire at 5:00 p.m. CDT on June 11, 2004.

It is incumbent upon you to confirm with us that this Proposal is still outstanding at the time of its consideration and evaluation by you, and prior to any decision by you based on this Proposal.

This Proposal is further subject to the following conditions:

- Prior sale of the coal,
- Withdrawal by COALSALES at any time,
- Availability of the coal,
- Negotiation and execution of a mutually agreeable coal supply agreement,
- Approval of credit terms, and
- Obtaining the approvals of Peabody's senior management to the sale of the coal and to the execution of the negotiated coal supply agreement.

We appreciate the opportunity to submit this proposal and look forward to your response. Should you have any questions or require additional information please contact me.

Sincerely,

Barbara E. Busby
Vice President – Sales & Marketing

Attachments

May 12, 2004 **CAPP Product**

Non Compliance Coal Sales Proposal
Progress Fuels Corporation

To:
Mr. A.W. Pitcher
Vice President, Coal Procurement
Progress Fuels Corp.
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Seller:
Peabody COALSALES Company
701 Market Street-9th Floor
St. Louis, MO. 63101

Producer:
Eastern Associated Coal Company
800 Laidley Tower
Charleston, WV 25301

Phone: 314-342-7698
Fax: 314-342-7529

Plant Destination: Crystal River Plant

Three Year Term, Quantity and Price Per Ton FOB Rail Car:

Term	Quantity	CSX Price
CY2005	240,000 tons	[redacted]
CY2006	240,000 tons	[redacted]
CY2007	240,000 tons	[redacted]

- Tons to be shipped ratably over the term of the agreement
- Tonnage firm, no variances or option tons

Btu
Premium/Penalty
Provision: At the end of each month a quality adjustment would be computed based on the difference between the actual weighted average Btu per pound and the Monthly Weighted Average Btu per pound (12,500 Btu/lb.).

SO2
Premium/Penalty
Provision: At the end of the month, a quality adjustment would be computed based on the difference between the actual monthly weighted average pounds of SO2 per million Btu and 1.60 # SO2/mmBtu. The difference will be applied to the average "Air Daily Monthly SO2 Index."

Mine/Rocklick Plant information:

Mine	Rocklick
Location:	Wharton
Seam:	Winifrede
Type of Mine:	Underground
Mining Method:	Room and Pillar/Longwall
Annual Total Shipments:	5,000,000+ Tons
Mine Union:	UMWA 17
Mine District:	8

Coal Quality: (additional Typical Analysis attached)

Parameter (as received)	Monthly Wtd. Average	Min	Max
Btu/lb.	12,500	12,200	---
Sulfur, %	---	---	1.0
Ash. %	---	---	13.5
Moisture, %	7.0	---	---
Volatiles. %	30.0	---	---
HGI	42	40	---
AFT (H=W)	2600	---	---
Volatiles, %	30.0	---	---
Size, Inches	2X0	---	3.0
Minus ¼"	---	---	50.0%

Rail Origin:

Loadout Details	**Rocklick**
Shipping Point	Lick, WV
Railroad	CSX
Freight District	CSX-Kanawa Coal River II
OPSL	CSXT 65288
Unit Train Car Rating	150
Loadout Capacity	< 4.0 Hours

Sampling System:	Three (3) Stage Automatic Sampler
Weighing System:	Batch Weigh Bin System
Scale Certification:	Certification Annually
Expiration Date:	This proposal expires at 5:00 p.m., June 11, 2004.
Substitution:	Seller reserves the right, but not the obligation, to substitute coal from other origins at the same delivered price per mmBtu.
Laws:	The price is inclusive of all government taxes, fees, royalties, and other impositions in effect as of May 12, 2004. The price is subject to adjustment after May 12, 2004 for full pass through of any subsequent changes in cost when such changes are caused by a change in existing, or enactment of new government taxes, fees, royalties, or other impositions. Seller will use commercially reasonable efforts to mitigate the impact of any Government Impositions on Buyer. A *scheduled* modification or termination of an existing law, including the elimination of the existing AML fee, shall not be cause to adjust the base price. In the event of the enactment of a new AML fee, Seller shall not be entitled to collect any new AML fee as a change in law until and unless the new AML fee exceeds the existing AML fee currently being collected as of the contract date.
Shipping Schedule:	Annual volume to be shipped and received in approximately equal monthly quantities.
Weights, Sampling, and Analysis:	Seller's weights, sampling and analysis to govern for payment and quality administration. Analysis to be performed by a third-party independent laboratory.
Title and Risk of Loss:	Title to and risk of loss of all coal bought and sold under this agreement will pass to PEC and coal will be considered to be delivered by COALSALES when it is loaded into the railcar at the mine.
Invoicing and Payment:	COALSALES will issue invoices to PEC for coal deliveries on a semi-monthly basis for coal shipped from the 1st through the 15th and the 16th through the end of each month. COALSALES will issue separate invoices for all adjustments including quality on a monthly basis. Electronic payment will be made by PEC 10 days after invoice is received.

Credit Policy:	Contract subject to mutually acceptable credit language.
Other Provisions:	Other terms and conditions such as force majeure, confidentiality, etc. are subject to negotiation.
Approval:	Offer is subject to both parties obtaining senior management approval.

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	6.7	[4]	8.0% MAX.
SURFACE MOISTURE %	4.6		5.0% MAX.
ASH %	10.0	13.5% max [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.60	2.1 lb/max	2.1 LB/MAX.[1]
BTU/LB	12,500	12,200/lb min	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	+2700	[4]	2,500 MIN.
VOLATILE %	31.8	30.0% min [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	52	40 min [4]	42 MIN.[3]
SIZE	2 x 0		2" X 0"
FINES (-1/4" X 0")	31.3		45% MAX.[4]
FIXED CARBON %	51.5		------
HYDROGEN %	4.4		------
NITROGEN %	1.4		------
CHLORINE %	0.14		------
OXYGEN %	5.8		------

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV
P_2O_5	0.1	0.04	Antimony	<1	<1
SiO_2	57.8	0.62	Arsenic	3	2.3
Fe_2O_3	5.7	0.91	Beryllium	2.6	0.9
Al_2O_3	29.4	0.75	Cadmium	<0.2	<0.2
TiO_2	1.6	0.06	Chromium	18	5.0
CaO	0.8	0.09	Cobalt	6	2.0
MgO	1.0	0.04	Fluorine	64	16.7
SO_3	0.6	0.11	Lead	8	1.9
K_2O	2.5	0.17	Lithium	19	3.9
Na_2O	0.3	0.05	Manganese	17	4.6
Undetermined	0.8	0.04	Mercury	0.05	0.010
Base/Acid Ratio	0.12	0.01	Nickel	11	3.4
Maximum Base/Acid Ratio	0.14		Selenium	2.9	0.88

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	7.0	[4]	8.0% MAX.
SURFACE MOISTURE %	4.9		5.0% MAX.
ASH %	10.9	13.5% max [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.60	2.1 lb/max	2.1 LB/MAX.[1]
BTU/LB	12,500	12,200/lb min	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	+2700	[4]	2,500 MIN.
VOLATILE %	31.3	30.0% min [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	50	40 min [4]	42 MIN.[3]
SIZE	2 x 0		2" X 0"
FINES (-1/4" X 0")	47.3		45% MAX.[5]
FIXED CARBON %	50.8		———
HYDROGEN %	4.4		———
NITROGEN %	1.4		———
CHLORINE %	0.15		———
OXYGEN %	5.7		———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.1	0.05	Antimony	<1	<1
SiO_2	57.6	1.25	Arsenic	4	1.8
Fe_2O_3	6.3	0.90	Beryllium	2.8	1.1
Al_2O_3	29.3	0.65	Cadmium	<0.2	<0.2
TiO_2	1.4	0.10	Chromium	18	3.7
CaO	0.8	0.15	Cobalt	11	6.7
MgO	1.0	0.10	Fluorine	63	12.5
SO_3	0.5	0.15	Lead	9	2.7
K_2O	2.5	0.25	Lithium	23	10.5
Na_2O	0.3	0.10	Manganese	15	3.8
Undetermined	0.2	0.10	Mercury	0.05	0.012
Base/Acid Ratio	0.12	0.01	Nickel	12	2.7
Maximum Base/Acid Ratio	0.15		Selenium	2.9	0.87

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

SMOKY MOUNTAIN COAL CORPORATION
9725 COGDILL ROAD, SUITE 203
KNOXVILLE, TENNESSEE 37932
Phone: 865-966-8222
FAX: 865-777-3633

May 10, 2004

Mr. A. W. Pitcher
Vice President – Coal Procurement
Progress Fuels Corporation
One Progress Plaza
200 Central Avenue
St. Petersburg, FL 33701

Dear Al:

Thank you for requesting our bid on the long term coal requirements at Progress Energy's Crystal River Plant.

Attached is our offer of Coal River Resources 2" CROM which consists of raw, surface mined coal that should be ideally suited for use in Crystal River Units Nos. 1 and 2.

Since our coal has been quoted to other prospective customers, this proposal must be subject to prior sale of the coal being offered.

Thank you again for considering our offer, Al.

Sincerely,

John McDonnell
Vice President of Sales

JM:sw

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PRODUCER NAME: Smoky Mountain Coal Corp. (agent for Coal River Resources)

STREET ADDRESS: 9725 Cogdill Road, Suite 203 Knoxville, TN 37932

CONTACT: John McDonnell | TELEPHONE NO. 865-966-8222

MINE(S): Coal River | BOM DISTRICT: 8 | COUNTY: Boone | STATE: WV

ORIGIN RAILROAD(S)/DISTRICT: EK____ CV____ Big Sandy____ Other Kanawha | R/R TIPPLE DESIGNATION/NUMBER: 82204

TYPE OF LOADING FACILITY:
UNIT TRAIN: X | SINGLE CAR: _____ | TRAINLOAD: _____

MAXIMUM LOADING CAPACITY:
15000 TONS | 4 HOURS | 150 TRACK CAPACITY

WATER DELIVERY CAPABILITY: ____ YES ____ NO | IMPORT COAL: LOAD PORT _____

SHIP THROUGH: _____ DOCK | LOAD RATE:: _____

TOTAL PRODUCTION CAPACITY PER MONTH: 70,000 TONS

PRODUCTION PER MONTH—MEETING OUR COAL SPECIFICATIONS: 70,000 TONS

TYPE OF MINE: 0 % DEEP | 100 % STRIP | _____ % AUGER

SEAMS: Cedar Grove, #2 Gas & Powellton | BLEND RATIOS: 35/35/30

COAL PREPARATION: 100 RAW | 0 WASHED | _____ COMBINATION

TYPE OF COAL WASHER, IF WASHED: N/A

TYPE OF COAL SAMPLING: Ramsey Sweep Sampler

TYPE OF LABOR CONTRACT(S): N/A | DATE FOR RENEGOTIATION:

TYPE OF COAL WEIGHING: Kanawha Batch Scales | SCALE CERTIFIED? X YES ____ NO

PERIOD	TONNAGE	BASE PRICE PER TON FOB MINE
1/1/05 - 12/31/05	240,000	[redacted]

IF THIS COAL IS OFFERED BY A COMPANY OR INDIVIDUAL WHICH IS NOT THE PRODUCER PLEASE INDICATE SO BY MAKING AN "X" IN THIS SPOT.

PRODUCER'S COMMENTS: This proposal is subject to prior sale of the coal being offered.

CREDIT REFERENCES (Minimum two): Amsouth Bank and First Tennessee Bank

CUSTOMER REFERENCES (Minimum four): Duke Power, Santee Cooper, Cinergy and Savannah Electric

SIGNATURE: [signature] | TITLE: VP - Sales | DATE: 5/10/04

MAIL THIS FORM AND ANY ADDITIONAL INFORMATION TO:

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
ONE PROGRESS PLAZA, SUITE 600
ST. PETERSBURG, FLORIDA 33701

OR

MRS. ROBIN OTT
PROGRESS FUELS CORPORATION
POST OFFICE BOX 15208
ST. PETERSBURG, FLORIDA 33733

PHONE NO. 727/824-6670
FAX NO. 727/824-6601

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

CURRENT QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	5.0	8.0 [4]	8.0% MAX.
SURFACE MOISTURE %	3.0	5.0	5.0% MAX.
ASH %	12.5	13.0 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.8	2.1	2.1 LB/MAX.[1]
BTU/LB	12100	12000 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 [4]	2,500 MIN.
VOLATILE %	33.0	31.0 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	46	42.0 [4]	42 MIN.[3]
SIZE	2x0	2x0	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[4]
FIXED CARBON %	54.0	52-58	———
HYDROGEN %	4.6	5.0	———
NITROGEN %	1.3	1.6	———
CHLORINE %	0.27	0.35	———
OXYGEN %	5.75	6.25	———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.24		Antimony	N/A	
SiO_2	55.47		Arsenic	10.76	
Fe_2O_3	6.74		Beryllium	3.92	
Al_2O_3	27.90		Cadmium	0.34	
TiO_2	1.33		Chromium	15.24	
CaO	0.92		Cobalt	7.59	
MgO	1.02		Fluorine	84.12	
SO_3	0.64		Lead	9.64	
K_2O	4.08		Lithium	N/A	
Na_2O	0.64		Manganese	12.15	
Undetermined	1.02		Mercury	0.15	
Base/Acid Ratio	0.16		Nickel	19.04	
Maximum Base/Acid Ratio	0.20		Selenium	6.62	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

PROGRESS FUELS CORPORATION

COAL PRODUCERS' SOLICITATION FORM
Crystal River 1 & 2

PROJECTED QUALITY

DESCRIPTION	OFFERED COAL SPECIFICATIONS		REQUIRED COAL SPECIFICATIONS
	"AS RECEIVED" AVERAGE OR TYPICAL	"AS RECEIVED" GUARANTEED	BITUMINOUS "AS RECEIVED" GUARANTEED
MOISTURE (TOTAL) %	5.0	8.0 [4]	8.0% MAX.
SURFACE MOISTURE %	3.0	5.0	5.0% MAX.
ASH %	12.5	13.0 [4]	12% MAX.[2]
SULFUR DIOXIDE (LB/MBTU)	1.8	2.1	2.1 LB/MAX.[1]
BTU/LB	12100	12000 [4]	12,000/LB MIN.
ASH SOFTENING DEGREES FAHRENHEIT H=W (R)	2700	2500 [4]	2,500 MIN.
VOLATILE %	33.0	31.0 [4]	31.0% MIN.[1]
GRINDABILITY, HARDGROVE	46	42.0 [4]	42 MIN.[3]
SIZE	2x0	2x0	2" X 0"
FINES (-1/4" X 0")	40	45	45% MAX.[5]
FIXED CARBON %	54.0	52-58	———
HYDROGEN %	4.6	5.0	———
NITROGEN %	1.3	1.6	———
CHLORINE %	0.27	0.35	———
OXYGEN %	5.75	6.25	———

[1] MUST BE MET ON AN INDIVIDUAL SHIPMENT BASIS.
[2] ADJUSTABLE IN DIRECT PROPORTION TO BTU.
[3] ADJUSTABLE IN INVERSE PROPORTION TO BTU.
[4] PREFERRED VALUE, COALS NOT MEETING THIS SPECIFICATION WILL BE CONSIDERED.

MINERAL ANALYSIS %WEIGHT			TRACE ELEMENTS PPM IN COAL		
DESCRIPTION	AVERAGE	STD. DEV.	DESCRIPTION	AVERAGE	STD DEV.
P_2O_5	0.24		Antimony	N/A	
SiO_2	55.47		Arsenic	10.76	
Fe_2O_3	6.74		Beryllium	3.92	
Al_2O_3	27.90		Cadmium	0.34	
TiO_2	1.33		Chromium	15.24	
CaO	0.92		Cobalt	7.59	
MgO	1.02		Fluorine	84.12	
SO_3	0.64		Lead	9.64	
K_2O	4.08		Lithium	N/A	
Na_2O	0.64		Manganese	12.15	
Undetermined	1.02		Mercury	0.15	
Base/Acid Ratio	0.16		Nickel	19.04	
Maximum Base/Acid Ratio	0.20		Selenium	6.62	

*NOTE: ADD SHEETS IF MORE THAN ONE SEAM

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 1.0 % sulfur fuel oil will be [redacted] per barrel including freight. Florida taxes of Seven cents($.07) per barrel taxes will be added to each invoice. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is expected to begin after September 10, 2004 and will continue Monday through Friday 7:00 AM-9:00 PM until completed.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September10, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 2.5 % sulfur fuel oil will be [redacted] per barrel including freight. Florida taxes of Seven cents ($.07) per barrel taxes will be added to each invoice. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is expected to begin after September 13, 2004 and will continue Monday through Friday 7:00 AM-9:00 PM until completed.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted].

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September13, 2004

[redacted]

Florida Power
CORPORATION

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corporation
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] gallons (42 truck loads) of high sulfur(.5%) #2 fuel oil ("Product") for a total cost per gallon determined by The [redacted] in effect on date of delivery at Tampa, Florida plus [redacted] per gallon (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Turner Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]

Payment terms to be net [redacted] days from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will begin on 7/12/042 and continue Monday through Friday between the hours of 7:00 AM & 4:00 PM.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 fuel oil but will substitute red dyed low sulfur #2 if required to meet Buyer's delivery requirements.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Florida Power Corp., Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

FLORIDA POWER CORPORATION

Sign: _____
Title: Director, Oil & Gas Trading
Date: July 9, 2004

[redacted]

Florida Power
CORPORATION

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corporation
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] gallons (42 truck loads) of high sulfur (.5%) #2 fuel oil ("Product") for a total cost per gallon determined by The [redacted] in effect on date of delivery at [redacted] per gallon (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Turner Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted].
Payment terms to be ne[redacted]s from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will begin on 7/19/042 and continue Monday through Friday between the hours of 7:00 AM & 4:00 PM.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 fuel oil but will substitute red dyed low sulfur #2 if required to meet Buyer's delivery requirements.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Florida Power Corp., Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

FLORIDA POWER CORPORATION

Sign: _____
Title: Director, Oil & Gas Trading
Date: July 14, 2004

[redacted]

Florida Power
CORPORATION

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corporation
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

This confirms our verbal agreement of 8/13/04, Buyer agrees to purchase from Seller up to approximately [redacted] of high sulfur (.5%) # 2 fuel oil ("Product") for a total cost per gallon determined by The [redacted] in effect on date of delivery at Tampa, Florida [redacted] (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Crystal River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]
Payment terms to be net [redacted] days from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will be 24 hrs/day on 8/16/04 and 8/17/04.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur # 2 fuel oil but will substitute red dyed low sulfur # 2 if required to meet Buyer's delivery requirements.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Florida Power Corp., Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

FLORIDA POWER CORPORATION

Sign: _____
Title: Director, Oil & Gas Trading
Date: 8/17/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. dba Progress Energy-Florida
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of high sulfur(.5%) red dyed #2 fuel oil ("Product") for a total cost per gallon of $1.095 (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Suwannee River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]
Payment terms to be net [redacted] from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will begin on 6/7/04 during the hours of 7AM-3PM, Monday through Friday or as designated by Buyer.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 red dyed fuel oil .

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Progress Energy-Florida, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

Progress Energy -Florida

Sign: _____
Title: Director, Oil & Gas Trading
Date: 6/4/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"	Seller"
Florida Power Corp. dba Progress Energy-Florida	[redacted]
PO Box 1551, PEB10A	
Raleigh, NC. 27602	
Attn: Dale Williams	Attn: [redacted]
Phone: 919-546-2083	Phone: [redacted]
Fax: 919-546-6842	Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of high sulfur(.5%) red dyed #2 fuel oil ("Product") for a total cost per gallon of $1.0895 (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Suwannee River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]. Payment terms to be net [redacted] from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will be during the hours of 7AM-3PM, Monday through Friday or as designated by Buyer.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 red dyed fuel oil .

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Progress Energy-Florida, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]	Progress Energy -Florida
Sign: _____	Sign: _____
Title: _____	Title: Director, Oil & Gas Trading
Date: _____	Date: 6/28/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"	Seller"
Florida Power Corp. dba Progress Energy-Florida	[redacted]
PO Box 1551, PEB10A	[redacted]
Raleigh, NC. 27602	[redacted]
Attn: Dale Williams	Attn: [redacted]
Phone: 919-546-2083	Phone: [redacted]
Fax: 919-546-6842	Fax: [redacted]

This confirms our verbal agreement of 8/13/04, Buyer agrees to purchase from Seller approximately [redacted] truck loads of high sulfur(.5%) red dyed #2 fuel oil ("Product") for a total cost per gallon of [redacted] (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Crystal River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]
Payment terms to be net [redacted] from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will be 24 hrs/day from 8/14-8/18/04 or as designated by Buyer.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 red dyed fuel oil .

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Progress Energy-Florida, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]	Progress Energy -Florida
Sign: _____	Sign: _____
Title: _____	Title: Director, Oil & Gas Trading
Date: _____	Date: 8/17/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. dba Progress Energy-Florida
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]

This confirms our verbal agreement of 9/10/04, Buyer agrees to purchase from Seller up to [redacted] truck loads of high sulfur(.5%) red dyed #2 fuel oil ("Product") for a total cost per gallon of $1.3722 (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Crystal River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted].

Payment terms to be net [redacted] days from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will be 24 hrs/day starting 9/10/04 through 9/17/04 or as designated by Buyer.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 red dyed fuel oil .

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Progress Energy-Florida, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

Progress Energy -Florida

Sign: _____
Title: Director, Oil & Gas Trading
Date: 9/13/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. dba Progress Energy-Florida
PO Box 1551, PEB10A
Raleigh, NC. 27602
Attn: Dale Williams
Phone: 919-546-2083
Fax: 919-546-6842

Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

This confirms our verbal agreement of 9/28/04, Buyer agrees to purchase from Seller up to [redacted] of high sulfur(.5%) red dyed #2 fuel oil ("Product") for a total cost per gallon of [redacted] (which includes freight, taxes, and any other applicable charges for delivery) delivered to Buyer's Crystal River Plant ("Delivery Point"). The total sum of the purchase is approximately [redacted]

Payment terms to be net [redacted] from receipt of Invoice.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company via tank truck. Delivery will be 24 hrs/day starting 9/28/04 through 10/1/04 or as designated by Buyer.

The fuel volumes will be measured by the difference in the tare and fill weight of the transport vehicles or by meter measured at the Seller's terminal.

Specifications of delivered oil will be provided prior to delivery. Seller intends to deliver high Sulfur #2 red dyed fuel oil .

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to the Progress Energy-Florida, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____
Title: _____
Date: _____

Progress Energy -Florida

Sign: _____
Title: Director, Oil & Gas Trading
Date: 10/1/04

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller up to [redacted] of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the #6 fuel oil will be [redacted] per barrel including rail freight but not including rail surcharges (estimated to be [redacted])and taxes($.07/bbl) Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured rail transport company. Delivery is to be during October, 2004.

The fuel volume will be measured upon car loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is in conformance with Buyer's specifications.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each tank car delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September 15, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller up to [redacted] of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the #6 fuel oil will be [redacted] per barrel including rail freight but not including rail surcharges (estimated to be [redacted])and taxes($.07/bbl) Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured rail transport company. Delivery is to be during October, 2004.

The fuel volume will be measured upon car loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is in conformance with Buyer's specifications.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each tank car delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September 15, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 2.5 % sulfur fuel oil will be [redacted] per barrel including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is to begin June 1, 2004 and will continue Monday through Friday 7:00 AM-3:00 PM until completed.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: May 24, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 1.0 % sulfur fuel oil will be the Platts NY Cargo 1% mean averaged for the month of July plu[redacted]barrel including freight and taxes. Total sum of the purchase is estimated to be approximatel[redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is expected to begin July12, 2004 and will continue Monday through Friday 7:00 AM-9:00 PM until completed.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: July,6, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp.
dba Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5% Sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 2.5% Sulfur fuel oil will b[redacted] per barrel including freight and taxes. Total sum of the purchase is estimated to be approximatel[redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin 5/26/04 Monday -Friday 7 AM -3 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Progress Energy Florida

Sign: _____

Sign: _____

Title: _____

Title: Director ,Gas & Oil Trading

Date: _____

Date: May 24,2004

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp.
dba Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5% Sulfur # 6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 2.5% Sulfur fuel oil will be [redacted] per barrel including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin after the previous order for 18,000 barrels is complete. Delivery times will be Monday -Friday 7 AM -9 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Progress Energy Florida

Sign: _____

Title: _____

Date: _____

Sign: _____

Title: Director ,Gas & Oil Trading

Date: May 24,2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp.
dba Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0% Sulfur # 6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 1.0% Sulfur fuel oil will be [redacted] per barrel including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin 7/19/04 Monday -Friday 7 AM -9 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: July 16, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp.
dba Progress Energy Florida
PO Box 1551, PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5% Sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 2.5% Sulfur fuel oil will be [redacted] per barrel including freight and taxes [redacted]. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin 9/2/04 Monday -Friday 7 AM -9 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September 1, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp.
dba Progress Energy Florida
PO Box 1551, PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn [redacted]
Phone [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0% Sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 1.0% Sulfur fuel oil will be [redacted] per barrel including freight and taxes [redacted] Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted]s from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin after 9/13/04 Monday -Friday 7 AM -9 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Progress Energy Florida

Sign: _____

Title: _____

Date: _____

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September 13, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0 % sulfur [redacted] for delivery to Buyer's Suwannee River Plant. The delivered price for the [redacted] per gallon including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is to begin September 3, 2004 and will continue Monday through Friday 7:00 AM-3:00 PM until September 30, 2004. Buyer may elect to suspend or discontinue shipments on one weeks advance notice due to scheduled plant outages.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is on-spec in conformance with US EPA requirements for processed used oil.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September 2,2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum .5 % sulfur # 2 red dyed fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the #2 fuel oil will be [redacted] per gallon including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is to begin June 7, 2004 and will continue Monday through Friday 7:00 AM-3:00 PM until completed.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: June 4,, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn[redacted]
Phone[redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0 % sulfur [redacted] for delivery to Buyer's Suwannee River Plant. The delivered price for t[redacted] including freight and taxes. Total sum of the purchase is estimated to be approximatel[redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is to begin June 23, 2004 and will continue Monday through Friday 12:00 PM-9:00 PM until June 29, 2004. Seller will make reasonable efforts to make all deliveries after 3:30 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is on-spec in conformance with US EPA requirements for processed used oil.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Progress Energy Florida

Sign: _____

Sign: _____

Title: _____

Title: Director ,Gas & Oil Trading

Date: _____

Date: June 22,, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0 % sulfur [redacted] for delivery to Buyer's Suwannee River Plant. The delivered price for the [redacted] including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery is to begin July 1, 2004 and will continue Monday through Friday 12:00 PM-9:00 PM until September 30, 2004. Buyer may elect to suspend or discontinue shipments on one weeks advance notice due to scheduled plant outages. Seller will make reasonable efforts to make all deliveries after 3:30 PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is on-spec in conformance with US EPA requirements for processed used oil.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Progress Energy Florida

Sign: _____

Sign: _____

Title: _____

Title: Director ,Gas & Oil Trading

Date: _____

Date: June 29, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn[redacted]
Phone[redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the #6 fuel oil will be [redacted] including rail freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be ne[redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured rail transport company. Delivery is to begin after July 8, 2004 and will continue until completed as part of Seller's regular rail tank car deliveries.

he fuel volume will be measured upon car loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is in conformance with Buyer's specifications.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each tank car delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: July,9, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. d.b.a.
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 2.5 % sulfur #6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the #6 fuel oil will be [redacted] per barrel including rail freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices and documentation are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured rail transport company. Delivery is to begin after September 27, 2004 and will continue until completed as part of Seller's regular rail tank car deliveries.

The fuel volume will be measured upon car loading at Seller's terminals. Seller will provide product specifications to Buyer prior to delivery and with each delivery ticket. Such specifications will verify that product being delivered is in conformance with Buyer's specifications.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each tank car delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson PEB10A, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]

Sign: _____

Title: _____

Date: _____

Progress Energy Florida

Sign: _____

Title: Director ,Gas & Oil Trading

Date: September,27, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. dba
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum 1.0% Sulfur # 6 fuel oil for delivery to Buyer's Suwannee River Plant. The delivered price for the 1.0% Sulfur fuel oil will be [redacted] per barrel including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin after July 20, 2004, Monday through Friday 7AM- 9PM.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]
Sign: _____
Title: _____
Date: _____

Progress Energy Florida
Sign: _____
Title: Director ,Gas & Oil Trading
Date: July 16, 2004

[redacted]

SPOT PURCHASE AGREEMENT

"Buyer"
Florida Power Corp. dba
Progress Energy Florida
PO Box 1551,PEB10A
Raleigh, NC 27602
Attn: Dale D. Williams
Phone: 919-546-2083
Fax: 919-546-6842

"Seller"
[redacted]
Attn: [redacted]
Phone: [redacted]
Fax: [redacted]

Buyer agrees to purchase from Seller approximately [redacted] barrels of maximum .05% Sulfur red-dyed #2 fuel oil for delivery to Buyer's Debary Plant. The delivered price for the .05% Sulfur #2 fuel oil will be [redacted] gallon including freight and taxes. Total sum of the purchase is estimated to be approximately [redacted]

Payment terms to be net [redacted] days from date of delivery, provided invoices are promptly faxed to the number below.

Delivery of oil will be by Seller's designated, properly licensed and insured petroleum transport company. Delivery will begin July12, 2004, Monday through Friday 6AM- 11PM for the week of July 12, 2004. Buyer reserves the right to change delivery hours upon reasonable notice to seller.

The fuel volume will be measured upon truck loading at Seller's terminals. Specifications of the oil will be provided by Seller prior to delivery and with each delivery ticket.

Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire or explosion, shall pass from Seller to Buyer when and as the Product passes the first (1st) connection point between Seller's transportation equipment or pipeline and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer. Deliveries of Product by Seller shall be made in conformity with all applicable local, state and federal regulations pertaining to the transportation and unloading of Product prior to passage of title.

At completion of delivery, an invoice documenting each truck delivery will be sent to Oil Trading and Logistics, Attn: Jim Wilson, P.O. Box 1551, Raleigh, NC 27602, Phone 919-546-2132 and Fax 919-546-6842.

ACCEPTANCE OF AGREEMENT

[redacted]
Sign: _____
Title: _____
Date: _____

Progress Energy Florida
Sign: _____
Title: Director ,Gas & Oil Trading
Date: July 9 , 2004

[redacted]

OCTOBER 26, 2004

REVISION

TO: PROGRESS ENERGY FLORIDA
D/B/A FLORIDA POWER CORPORATION

ATTN: DALE WILLIAMS

RE: [redacted]

THIS WILL CONFIRM THE AGREEMENT BETWEEN WILLIAMS/MANNING BY TELECON (October 21, 2004) AS FOLLOWS :

BUYER PROGRESS ENERGY FLORIDA, D/B/A FLORIDA POWER CORPORATION
411 FAYETTEVILLE ST. MALL, 19TH FLOOR
RALEIGH, NC 27601

SELLER: [redacted]

PRODUCT: LOW SULFUR DIESEL

QUANTITY: APPROX. 38,000 BARRELS, PER SHORE TANK UPGAUGE AT DISCHARGE PORT.

QUALITY: AS PER COLONIAL PIPELINE 74 GRADE SPECS FOR LOW SULFUR DIESEL (UNDYED)
SELLER WILL ARRANGE FOR PRODUCT TO BE DYED RED UPON DELIVERY.

RIO ENERGY MAKES NO REPRESENTATION OR GUARANTEE ON COMPATIBILITY OF THIS PRODUCT OR THIS PRODUCT BLENDED WITH ANY OTHER PRODUCT(S).

DELIVERY: DEL, [redacted] TERMINAL – TAMPA, FLORIDA

DELIVERY PERIOD: OCTOBER 27-29, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE: [redacted]

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT [redacted] DAYS AFTER RECEIPT OF TELEXED OR TELECOPIED INVOICE AND INDEPENDENT INSPECTOR'S REPORT OF QUANTITY AND QUALITY

IF PAYMENT DATE FALLS ON A SATURDAY, SUNDAY OR HOLIDAY, THEN PAYMENT WILL BE DUE ON THE FIRST PRECEDING BANKING DAY BEFORE SAID SATURDAY, SUNDAY, OR HOLIDAY.

[redacted] HAS GRANTED TO [redacted] AN ASSIGNMENT OF AND SECURITY INTEREST IN ALL OF ITS RIGHTS TO ALL AMOUNTS DUE OR TO BECOME DUE UNDER THIS CONTRACT. BUYER HEREBY AGREES TO MAKE ALL SUCH PAYMENTS WITHOUT DEDUCTIONS, DISCOUNTS, OR OFFSET BY TELEGRAPHIC TRANSFER TO SELLER'S NOMINATED BANK ACCOUNT USING THE FOLLOWING WIRE INSTRUCTIONS:

[redacted]

SHIPPING DETAILS: SELLER'S NOMINATED BARGE'S. DEMURRAGE, IF INCURRED,AS PER STANDARD CHARTER PARTY R[redacted]TERMINAL IS A PUBLIC TERMINAL, THEREFORE BARGES/VESSEL WILL BE TAKEN ON A FIRST COME, FIRST SERVED BASIS. LAYTIME SHALL NOT BEGIN UNTIL BARGES/VESSEL ARE ALL FAST.

INSPECTION: BUYER TO APPOINT MUTUALLY INDEPENDENT INSPECTOR AT DISCHARGE PORT (ACCEPTABLE TO BUYER AND SELLER) TO ASCERTAIN QUALITY AND QUANTITY (AT DISCHARGE PORT) IN ACCORDANCE WITH THE STANDARD TEST METHODS GENERALLY ACCEPTED IN THE PETROLEUM INDUSTRY.

CERTIFICATE OF QUALITY AND QUANTITY AS ISSUED OR COUNTERSIGNED BY SUCH INDEPENDENT INSPECTORS TO BE CONCLUSIVE AND BINDING FOR BOTH PARTIES, EXCEPT IN THE CASE OF MANIFEST FRAUD OR ERROR.

ALL INSPECTION COSTS TO BE [redacted]

RISK AND TITLE: RISK AND TITLE TO PRODUCT SHALL PASS FROM SELLER TO BUYER WHEN SAID PRODUCT PASSES THE PERMANENT FLANGE CONNECTING SELLER'S BARGE TO BUYER'S SHORE TANK.

CONSTRUCTION AND JURISDICTION: THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS TO THE EXCLUSION OF ANY OTHER LEGAL SYSTEM AND EXCLUDING ANY CHOICE OF LAW RULE WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. IN PARTICULAR, THE PARTIES EXPRESSLEY AGREE THAT APPLICATION OF THE "UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS 1980" IS HEREBY EXCLUDED PURSUANT TO ARTICLE 6 OF THE CONVENTION.

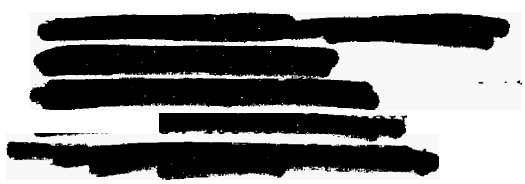
ARBITRATION: ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT SHALL BE SETTLED BY ARBITRATION IN THE CITY OF HOUSTON,HARRIS COUNTY, STATE OF TEXAS IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION BY THREE ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY EACH OF THE PARTIES AND THE THIRD OF WHOM SHALL BE APPOINTED BY THE TWO ARBITRATORS SO SELECTED. JUDGEMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURIS-DICTION THEREOF.

FORCE MAJEURE: IF EITHER PARTY IS RENDERED UNABLE BY FORCE MAJEURE TO PERFORM ON OR COMPLY FULLY IN PART WITH ANY OBLIGATION OR CONDITION OF THE CONTRACT, UPON EACH PARTY'S GIVING WRITTEN NOTICE TO THE OTHER PARTY OF SUCH FORCE MAJEURE WITHIN FORTY-EIGHT HOURS AFTER RECEIVING NOTICE THEREOF, SUCH PERFORMANCE OR COMPLIANCE SHALL BE SUSPENDED DURING THE CONTINUANCE OF THE INABILITIES SO CAUSED, AND SUCH PARTY

SHALL BE RELIEVED OF LIABILITY AND SHALL SUFFER NO PREJUDICE FOR FAILURE TO PERFORM THE SAME DURING SUCH PERIOD. IN THE EVENT THAT THE SAID PERIOD OF SUSPENSION OF PERFORMANCE SHALL CONTINUE IN EXCESS OF THIRTY (30) CALENDAR DAYS. THIS CONTRACT MAY, AT THE OPTION OF EITHER PARTY, BE CANCELLED WITHOUT LIABILITY OF EITHER PARTY.

GENERAL: THIS CONTRACT TO BE COVERED IN INCOTERMS 2000 WITH ALL CURRENT AMENDMENTS, EXCEPT WHERE DIFFERENT FROM TERMS AND CONDITIONS OF THIS CONTRACT. IN THAT EVENT, THE TERMS AND CONDITIONS OF THIS CONTRACT SHALL GOVERN.

OPERATIONAL CONTACTS:



WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,



OCTOBER 1, 2004

TO: PROGRESS ENERGY FLORIDA
D/B/A FLORIDA POWER CORPORATION

ATTN: DALE WILLIAMS

RE: [redacted]

THIS WILL CONFIRM THE AGREEMENT BETWEEN WILLIAMS[redacted]BY TELECON (September 30, 2004) AS FOLLOWS :

BUYER PROGRESS ENERGY FLORIDA, D/B/A FLORIDA POWER CORPORATION
411 FAYETTEVILLE ST. MALL, 19TH FLOOR
RALEIGH, NC 27601

SELLER: [redacted]

PRODUCT: LOW SULFUR DIESEL

QUANTITY: APPROX. 30,000 BARRELS, PER SHORE TANK UPGAUGE AT DISCHARGE PORT.

QUALITY: AS PER COLONIAL PIPELINE 74 GRADE SPECS FOR LOW SULFUR DIESEL (UNDYED)
SELLER WILL ARRANGE FOR PRODUCT TO BE DYED RED UPON DELIVERY.

RIO ENERGY MAKES NO REPRESENTATION OR GUARANTEE ON COMPATIBILITY OF THIS PRODUCT OR THIS PRODUCT BLENDED WITH ANY OTHER PRODUCT(S).

DELIVERY: DEL,[redacted]TERMINAL – TAMPA, FLORIDA

DELIVERY PERIOD: OCTOBER 5-7, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE: [redacted]

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT[redacted]DAYS AFTER RECEIPT OF TELEXED OR TELECOPIED INVOICE AND INDEPENDENT INSPECTOR'S REPORT OF QUANTITY AND QUALITY

IF PAYMENT DATE FALLS ON A SATURDAY, SUNDAY OR HOLIDAY, THEN PAYMENT WILL BE DUE ON THE FIRST PRECEDING BANKING DAY BEFORE SAID SATURDAY, SUNDAY, OR HOLIDAY.

[redacted] HAS GRANTED TO [redacted] AN ASSIGNMENT OF AND SECURITY INTEREST IN ALL OF ITS RIGHTS TO ALL AMOUNTS DUE OR TO BECOME DUE UNDER THIS CONTRACT. BUYER HEREBY AGREES TO MAKE ALL SUCH PAYMENTS WITHOUT DEDUCTIONS, DISCOUNTS, OR OFFSET BY TELEGRAPHIC TRANSFER TO SELLER'S NOMINATED BANK ACCOUNT USING THE FOLLOWING WIRE INSTRUCTIONS:

[redacted]

SHIPPING DETAILS: SELLER'S NOMINATED BARGE'S. DEMURRAGE, IF INCURRED,AS PER STANDARD CHARTER PARTY RATE. CENTRAL OIL TERMINAL IS A PUBLIC TERMINAL, THEREFORE BARGES/VESSEL WILL BE TAKEN ON A FIRST COME, FIRST SERVED BASIS. LAYTIME SHALL NOT BEGIN UNTIL BARGES/VESSEL ARE ALL FAST.

INSPECTION: BUYER TO APPOINT MUTUALLY INDEPENDENT INSPECTOR AT DISCHARGE PORT (ACCEPTABLE TO BUYER AND SELLER) TO ASCERTAIN QUALITY AND QUANTITY (AT DISCHARGE PORT) IN ACCORDANCE WITH THE STANDARD TEST METHODS GENERALLY ACCEPTED IN THE PETROLEUM INDUSTRY.

CERTIFICATE OF QUALITY AND QUANTITY AS ISSUED OR COUNTERSIGNED BY SUCH INDEPENDENT INSPECTORS TO BE CONCLUSIVE AND BINDING FOR BOTH PARTIES, EXCEPT IN THE CASE OF MANIFEST FRAUD OR ERROR.

ALL INSPECTION COSTS TO BE SHARED [redacted]

RISK AND TITLE: RISK AND TITLE TO PRODUCT SHALL PASS FROM SELLER TO BUYER WHEN SAID PRODUCT PASSES THE PERMANENT FLANGE CONNECTING SELLER'S BARGE TO BUYER'S SHORE TANK.

CONSTRUCTION AND JURISDICTION: THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS TO THE EXCLUSION OF ANY OTHER LEGAL SYSTEM AND EXCLUDING ANY CHOICE OF LAW RULE WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. IN PARTICULAR, THE PARTIES EXPRESSLEY AGREE THAT APPLICATION OF THE "UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS 1980" IS HEREBY EXCLUDED PURSUANT TO ARTICLE 6 OF THE CONVENTION.

ARBITRATION: ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT SHALL BE SETTLED BY ARBITRATION IN THE CITY OF HOUSTON,HARRIS COUNTY, STATE OF TEXAS IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION BY THREE ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY EACH OF THE PARTIES AND THE THIRD OF WHOM SHALL BE APPOINTED BY THE TWO ARBITRATORS SO SELECTED. JUDGEMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURIS-DICTION THEREOF.

FORCE MAJEURE: IF EITHER PARTY IS RENDERED UNABLE BY FORCE MAJEURE TO PERFORM ON OR COMPLY FULLY IN PART WITH ANY OBLIGATION OR CONDITION OF THE CONTRACT, UPON EACH PARTY'S GIVING WRITTEN NOTICE TO THE OTHER PARTY OF SUCH FORCE MAJEURE WITHIN FORTY-EIGHT HOURS AFTER RECEIVING NOTICE THEREOF, SUCH PERFORMANCE OR COMPLIANCE SHALL BE SUSPENDED DURING THE CONTINUANCE OF THE INABILITIES SO CAUSED, AND SUCH PARTY SHALL BE RELIEVED OF LIABILITY AND SHALL SUFFER NO PREJUDICE FOR

FAILURE TO PERFORM THE SAME DURING SUCH PERIOD. IN THE EVENT THAT THE SAID PERIOD OF SUSPENSION OF PERFORMANCE SHALL CONTINUE IN EXCESS OF THIRTY (30) CALENDAR DAYS. THIS CONTRACT MAY, AT THE OPTION OF EITHER PARTY, BE CANCELLED WITHOUT LIABILITY OF EITHER PARTY.

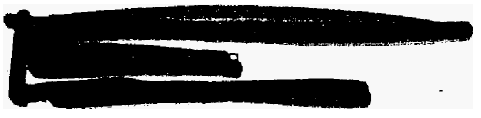
GENERAL: THIS CONTRACT TO BE COVERED IN INCOTERMS 2000 WITH ALL CURRENT AMENDMENTS, EXCEPT WHERE DIFFERENT FROM TERMS AND CONDITIONS OF THIS CONTRACT. IN THAT EVENT, THE TERMS AND CONDITIONS OF THIS CONTRACT SHALL GOVERN.

OPERATIONAL CONTACTS:



WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,



Williams, Dale D.

From: [redacted]
Sent: Tuesday, June 29, 2004 10:44 AM
To: Williams, Dale D.
Cc: [redacted]
Subject: Florida Power / Barge [redacted] Cargo

Dale,

Just wanted to give you a quick outline of our conversation from this morning.

[redacted]ill receive, take title to, store and deliver approx. 80,000 bbls. of #2 fuel oil to FPC Bayboro Terminal. We will bill FPC [redacted] after each delivery to Bayboro. The [redacted] will cover [redacted] terminal and barge delivery expenses.

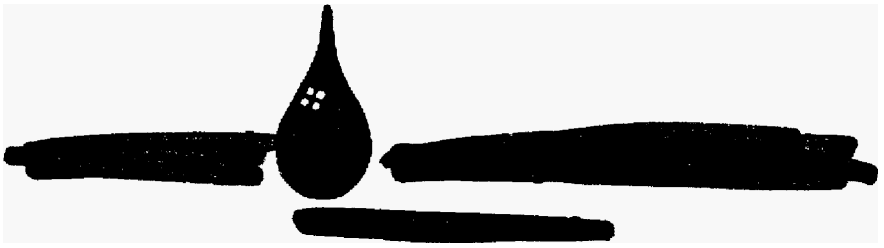
Approximately 10,000 bbls will be received via tanker trucks and 70,000 bbls via [redacted]

The product will be stored at [redacted] The terminal's property insurance will cover any losses that may occur while the product is being stored for FPC. [redacted] insurance will provide coverage for the product while it is onboard [redacted]

FPC will be responsible for all cargo related expenses. The only exception will be [redacted] These fees are included in the [redacted] that will be charged to FPC.

The FO#2 must be dyed prior to receiving at the terminal or no later than 24 hours after the discharge has been completed.

Thanks and Best Regards,
[redacted]



September 14, 2004

Mr. Dale Williams
Florida Power Corporation
C/O Progress Energy
PO Box 1551
Raleigh, NC 27602-1551

[redacted]nc. is pleased to offer our freight carrier services to Florida Power's Crystal River Coal Plant facility.

The details of the agreement are outlined as follows:

Start Date:	September 14, 2004
Ending Date:	**Based on FPC requirements an[redacted] schedule**
Product:	HS #2 Diesel
Pickup Location:	FPC Inventory at[redacted]Terminal
Delivery Location:	FPC Crystal River Coal Plant
Freight Rate:	[redacted]flat fee. Rate includes[redacted] for loading and[redacted] for unloading.
Demurrage:	[redacted]per hour (pro-rated)
Payment Terms:	[redacted] days from date of delivery

We will make every attempt to deliver two loads per day for the next few days.

Thanks and Best Regards,

[redacted]

[redacted]

AUGUST 3, 2004

TO: PROGRESS ENERGY FLORIDA
D/B/A FLORIDA POWER CORPORATION

ATTN: DALE WILLIAMS

RE: [redacted]

THIS WILL CONFIRM THE AGREEMENT BETWEEN WILLIAMS/MANNING BY TELECON (July 29, 2004) AS FOLLOWS :

BUYER PROGRESS ENERGY FLORIDA, D/B/A FLORIDA POWER CORPORATION
411 FAYETTEVILLE ST. MALL, 19TH FLOOR
RALEIGH, NC 27601

SELLER: [redacted]

PRODUCT: NO. 2 HEATING OIL

QUANTITY: APPROX. 22,000 BARRELS, PER SHORE TANK UPGAUGE AT DISCHARGE PORT.

QUALITY: AS PER COLONIAL PIPELINE 86 GRADE SPECS FOR NO. 2 HEATING OIL (UNDYED)
SELLER WILL ARRANGE FOR PRODUCT TO BE DYED RED UPON DELIVERY.

RIO ENERGY MAKES NO REPRESENTATION OR GUARANTEE ON COMPATIBILITY OF THIS PRODUCT OR THIS PRODUCT BLENDED WITH ANY OTHER PRODUCT(S).

DELIVERY: DEL, [redacted] TERMINAL – TAMPA, FLORIDA

DELIVERY PERIOD: AUGUST 4-5, 2004 (OTHERWISE MUTUALLY AGREEABLE)

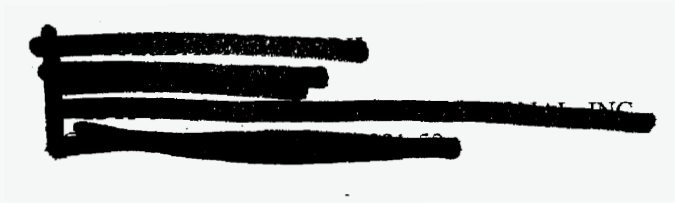
PRICE: [redacted]

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT [redacted] DAYS AFTER RECEIPT OF TELEXED OR TELECOPIED INVOICE AND INDEPENDENT INSPECTOR'S REPORT OF QUANTITY AND QUALITY

IF PAYMENT DATE FALLS ON A SATURDAY, SUNDAY OR HOLIDAY, THEN PAYMENT WILL BE DUE ON THE FIRST PRECEDING BANKING DAY BEFORE SAID SATURDAY, SUNDAY, OR HOLIDAY.

[redacted] AN ASSIGNMENT OF AND SECURITY INTEREST IN ALL OF ITS RIGHTS TO ALL AMOUNTS DUE OR TO BECOME DUE UNDER THIS CONTRACT. BUYER HEREBY AGREES TO MAKE ALL SUCH PAYMENTS WITHOUT DEDUCTIONS, DISCOUNTS, OR OFFSET BY TELEGRAPHIC TRANSFER TO SELLER'S NOMINATED BANK ACCOUNT USING THE FOLLOWING WIRE INSTRUCTIONS:



SHIPPING DETAILS: SELLER'S NOMINATED BARGE'S. DEMURRAGE , IF INCURRED,AS PER STANDARD CHARTER PARTY RATE.

INSPECTION: BUYER TO APPOINT MUTUALLY INDEPENDENT INSPECTOR AT DISCHARGE PORT (ACCEPTABLE TO BUYER AND SELLER) TO ASCERTAIN QUALITY AND QUANTITY (AT DISCHARGE PORT) IN ACCORDANCE WITH THE STANDARD TEST METHODS GENERALLY ACCEPTED IN THE PETROLEUM INDUSTRY.

CERTIFICATE OF QUALITY AND QUANTITY AS ISSUED OR COUNTERSIGNED BY SUCH INDEPENDENT INSPECTORS TO BE CONCLUSIVE AND BINDING FOR BOTH PARTIES, EXCEPT IN THE CASE OF MANIFEST FRAUD OR ERROR.

ALL INSPECTION COSTS TO BE SHARED 50/50.

RISK AND TITLE: RISK AND TITLE TO PRODUCT SHALL PASS FROM SELLER TO BUYER WHEN SAID PRODUCT PASSES THE PERMANENT FLANGE CONNECTING SELLER'S BARGE TO BUYER'S SHORE TANK.

CONSTRUCTION AND JURISDICTION: THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS TO THE EXCLUSION OF ANY OTHER LEGAL SYSTEM AND EXCLUDING ANY CHOICE OF LAW RULE WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. IN PARTICULAR, THE PARTIES EXPRESSLEY AGREE THAT APPLICATION OF THE "UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS 1980" IS HEREBY EXCLUDED PURSUANT TO ARTICLE 6 OF THE CONVENTION.

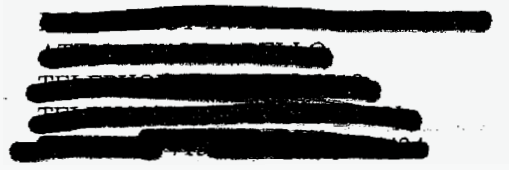
ARBITRATION: ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT SHALL BE SETTLED BY ARBITRATION IN THE CITY OF HOUSTON,HARRIS COUNTY, STATE OF TEXAS IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION BY THREE ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY EACH OF THE PARTIES AND THE THIRD OF WHOM SHALL BE APPOINTED BY THE TWO ARBITRATORS SO SELECTED. JUDGEMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURIS-DICTION THEREOF.

FORCE MAJEURE: IF EITHER PARTY IS RENDERED UNABLE BY FORCE MAJEURE TO PERFORM ON OR COMPLY FULLY IN PART WITH ANY OBLIGATION OR CONDITION OF THE CONTRACT, UPON EACH PARTY'S GIVING WRITTEN NOTICE TO THE OTHER PARTY OF SUCH FORCE MAJEURE WITHIN FORTY-EIGHT HOURS AFTER RECEIVING NOTICE THEREOF, SUCH PERFORMANCE OR COMPLIANCE SHALL BE SUSPENDED DURING THE CONTINUANCE OF THE INABILITIES SO CAUSED, AND SUCH PARTY SHALL BE RELIEVED OF LIABILITY AND SHALL SUFFER NO PREJUDICE FOR FAILURE TO PERFORM THE SAME DURING SUCH PERIOD. IN THE EVENT THAT THE

SAID PERIOD OF SUSPENSION OF PERFORMANCE SHALL CONTINUE IN EXCESS OF THIRTY (30) CALENDAR DAYS. THIS CONTRACT MAY, AT THE OPTION OF EITHER PARTY, BE CANCELLED WITHOUT LIABILITY OF EITHER PARTY.

GENERAL: THIS CONTRACT TO BE COVERED IN INCOTERMS 2000 WITH ALL CURRENT AMENDMENTS, EXCEPT WHERE DIFFERENT FROM TERMS AND CONDITIONS OF THIS CONTRACT. IN THAT EVENT, THE TERMS AND CONDITIONS OF THIS CONTRACT SHALL GOVERN.

OPERATIONAL CONTACTS:



WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,



JULY 1, 2004

TO: PROGRESS ENERGY FLORIDA
D/B/A FLORIDA POWER CORPORATION

ATTN: DALE WILLIAMS

RE: [redacted]

THIS WILL CONFIRM THE AGREEMENT BETWEEN WILLIAMS/MANNING BY TELECON (JUNE 29, 2004) AS FOLLOWS :

BUYER PROGRESS ENERGY FLORIDA, D/B/A FLORIDA POWER CORPORATION
411 FAYETTEVILLE ST. MALL, 19TH FLOOR
RALEIGH, NC 27601

SELLER: [redacted]

PRODUCT: NO. 2 HEATING OIL

QUANTITY: [redacted] BARRELS, PER SHORE TANK UPGAUGE AT DISCHARGE PORT.

QUALITY: AS PER COLONIAL PIPELINE 86 GRADE SPECS FOR NO. 2 HEATING OIL (DYED)

RIO ENERGY MAKES NO REPRESENTATION OR GUARANTEE ON COMPATIBILITY OF THIS PRODUCT OR THIS PRODUCT BLENDED WITH ANY OTHER PRODUCT(S).

DELIVERY: DEL, [redacted] FLORIDA 35,000 NBBLS
DEL, B) IL TERMINAL 70,000 NBBLS

DELIVERY PERIOD: JULY 3-6, 2004 (OTHERWISE MUTUALLY AGREEABLE)

PRICE: [redacted]

PAYMENT:

TRANSFER TO SELLER'S DESIGNATED ACCOUNT FIFTEEN (15) DAYS AFTER RECEIPT OF TELEXED OR TELECOPIED INVOICE AND INDEPENDENT INSPECTOR'S REPORT OF QUANTITY AND QUALITY

IF PAYMENT DATE FALLS ON A SATURDAY, SUNDAY OR HOLIDAY, THEN PAYMENT WILL BE DUE ON THE FIRST PRECEDING BANKING DAY BEFORE SAID SATURDAY, SUNDAY, OR HOLIDAY.

[redacted] AN ASSIGNMENT OF AND SECURITY INTEREST IN ALL OF ITS RIGHTS TO ALL AMOUNTS DUE OR TO BECOME DUE UNDER THIS CONTRACT. BUYER HEREBY AGREES TO MAKE ALL SUCH PAYMENTS WITHOUT DEDUCTIONS, DISCOUNTS, OR OFFSET BY TELEGRAPHIC TRANSFER TO SELLER'S NOMINATED BANK ACCOUNT USING THE FOLLOWING WIRE INSTRUCTIONS:

[redacted]

SHIPPING DETAILS: SELLER'S NOMINATED BARGE'S. DEMURRAGE , IF INCURRED,AS PER STANDARD CHARTER PARTY RATE.

INSPECTION: BUYER TO APPOINT MUTUALLY INDEPENDENT INSPECTOR AT DISCHARGE PORT (ACCEPTABLE TO BUYER AND SELLER) TO ASCERTAIN QUALITY AND QUANTITY (AT DISCHARGE PORT) IN ACCORDANCE WITH THE STANDARD TEST METHODS GENERALLY ACCEPTED IN THE PETROLEUM INDUSTRY.

CERTIFICATE OF QUALITY AND QUANTITY AS ISSUED OR COUNTERSIGNED BY SUCH INDEPENDENT INSPECTORS TO BE CONCLUSIVE AND BINDING FOR BOTH PARTIES, EXCEPT IN THE CASE OF MANIFEST FRAUD OR ERROR.

ALL INSPECTION COSTS TO BE SHARED[redacted]

RISK AND TITLE: RISK AND TITLE TO PRODUCT SHALL PASS FROM SELLER TO BUYER WHEN SAID PRODUCT PASSES THE PERMANENT FLANGE CONNECTING SELLER'S BARGE TO BUYER'S SHORE TANK.

CONSTRUCTION AND JURISDICTION: THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS TO THE EXCLUSION OF ANY OTHER LEGAL SYSTEM AND EXCLUDING ANY CHOICE OF LAW RULE WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. IN PARTICULAR, THE PARTIES EXPRESSLEY AGREE THAT APPLICATION OF THE "UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS 1980" IS HEREBY EXCLUDED PURSUANT TO ARTICLE 6 OF THE CONVENTION.

ARBITRATION: ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE CONTRACT SHALL BE SETTLED BY ARBITRATION IN THE CITY OF HOUSTON,HARRIS COUNTY, STATE OF TEXAS IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION BY THREE ARBITRATORS, ONE OF WHOM SHALL BE APPOINTED BY EACH OF THE PARTIES AND THE THIRD OF WHOM SHALL BE APPOINTED BY THE TWO ARBITRATORS SO SELECTED. JUDGEMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED IN ANY COURT HAVING JURIS-DICTION THEREOF.

FORCE MAJEURE: IF EITHER PARTY IS RENDERED UNABLE BY FORCE MAJEURE TO PERFORM ON OR COMPLY FULLY IN PART WITH ANY OBLIGATION OR CONDITION OF THE CONTRACT, UPON EACH PARTY'S GIVING WRITTEN NOTICE TO THE OTHER PARTY OF SUCH FORCE MAJEURE WITHIN FORTY-EIGHT HOURS AFTER RECEIVING NOTICE THEREOF, SUCH PERFORMANCE OR COMPLIANCE SHALL BE SUSPENDED DURING THE CONTINUANCE OF THE INABILITIES SO CAUSED, AND SUCH PARTY SHALL BE RELIEVED OF LIABILITY AND SHALL SUFFER NO PREJUDICE FOR FAILURE TO PERFORM THE SAME DURING SUCH PERIOD. IN THE EVENT THAT THE SAID PERIOD OF SUSPENSION OF PERFORMANCE SHALL CONTINUE IN EXCESS OF

THIRTY (30) CALENDAR DAYS. THIS CONTRACT MAY, AT THE OPTION OF EITHER PARTY, BE CANCELLED WITHOUT LIABILITY OF EITHER PARTY.

GENERAL: THIS CONTRACT TO BE COVERED IN INCOTERMS 2000 WITH ALL CURRENT AMENDMENTS, EXCEPT WHERE DIFFERENT FROM TERMS AND CONDITIONS OF THIS CONTRACT. IN THAT EVENT, THE TERMS AND CONDITIONS OF THIS CONTRACT SHALL GOVERN.

OPERATIONAL CONTACTS:

[redacted]

WE THANK YOU FOR CONCLUDING THIS TRANSACTION.

BEST REGARDS,

[redacted]

[redacted]

June 25, 2004

Mr. Dale Williams
Progress Energy
410 South Wilmington Street
Raleigh, NC 27602

Re: Agreement for Sale of Dyed Low Sulfur Diesel

Dear Mr. Williams:

This Letter Agreement ("Agreement") sets forth the terms and conditions under which [redacted] ("Seller") will supply Progress Energy ("Buyer") with Dyed Low Sulfur Diesel ("Fuel").

1. Term
The term of this Agreement is from **June 28, 2004 to July 2, 2004.**

2. Quantity
The Contract Quantity shall be **420,000 gallons (10 contracts)**

Once the Contract Quantity plus the tolerance, if applicable, has been reached, additional Fuel will be purchased at [redacted] less any applicable discount. If the Contract Quantity, including the tolerance percentage, if applicable, is not taken by the end of the Term, Buyer will be charged a monthly storage fee of [redacted] per gallon for any unused gallons until Contract Quantity has been satisfied.

[redacted]

3. Delivery Point: Tampa, FL

4. Price
The price to Progress Energy is fixed ("Fixed Price") as follows:
[redacted] subject to the additional costs associated with volume adjustments in Paragraph 2 above.

5. Payment Terms
Seller's payment terms are [redacted]

6. Tax Clause
Buyer will be responsible for any applicable federal, state or local taxes and fees, including Superfund.

7. Warranty; Consequential Damages
SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, EXCEPT THAT FUEL SOLD WILL BE OF MERCHANTABLE QUALITY. Seller's liability, if any, is limited to replacement of FUEL supplied by it, and Seller will not be liable for consequential damages arising out of the performance of this Agreement.

8. Title and Risk of Loss
Title and risk of loss to oil will pass from Seller to Buyer when oil passes from Seller's truck delivery hose at Buyer's receiving point.

9. Credit
This Agreement is conditioned on Buyer maintaining its creditworthiness during the term of the Agreement. If Seller determines in its good faith judgment that Buyer's credit has been materially impaired, Seller may require additional security ("Credit Assurance") for the payment of sums due under this Contract, including collateral deposits, prepayments, letters of credit or other guaranty of payment or performance acceptable to Seller.

This offer of sale is strictly confidential between Progress Energy and [redacted] **This offer is valid until 10:00 AM on June 25, 2004. Please indicate if you accept or decline this bid by signing in the appropriate space below, and returning via fax to [redacted] no later than 10:00 AM today, June 25, 2004.**

We look forward to continuing a mutually beneficial business relationship with your company. If you have any questions, please feel free to contact [redacted]

Very truly yours,

[redacted]

ACCEPTED

BY: Pamela R. Murphy
Signature

Pamela R. Murphy
Print Name

6/25/04
Date

DECLINED

Signature

Print Name

Date

NO. 2 FUEL OIL SALES CONTRACT

BETWEEN

FLORIDA POWER CORPORATION
d/b/a
PROGRESS ENERGY FLORIDA, INC.

("BUYER")

AND

[redacted]

AS OF

[redacted]

This contract (the "Contract") is made and entered into this December 31, 2003 by and between Florida Power Corporation, a Florida corporation doing business as Progress Energy Florida, Inc. (Buyer), 410 South Wilmington Street, Raleigh, North Carolina 27601 and [redacted], a [redacted] Buyer and Seller may hereinafter be referred to individually as a "Party" and collectively as the "Parties".

WITNESSETH

WHEREAS Seller produces No. 2 Fuel Oil (hereinafter the "Product") that it desires to sell and deliver to Buyer;

WHEREAS Buyer is an electric utility company which desires to purchase, and receive Product from Seller;

WHEREAS such quantities of Product must be delivered to Buyer by Transport Truck and/or by pipeline;

WHEREAS Buyer has (or has access to) unloading and storage facilities as necessary to receive deliveries of such Product;

WHEREAS Seller is able to sell and deliver to Buyer Product that meets the quality specifications set forth in this Contract;

WHEREAS Seller and Buyer previously entered into that certain No. 2 Fuel Oil Sales Contract effective between the Parties on January 1, 2003 (the "2003 Contract"); and

WHEREAS Seller and Buyer desire to terminate the 2003 Contract;

NOW THEREFORE, in consideration of the foregoing recitals and the mutual promises, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Buyer and Seller, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

For the purpose of this Contract, the following terms shall have the following meanings:

1.1 "Bid Increment Adder" means the amount set forth in Exhibit D applicable to the specified terminal.

1.2 "ASTM" means the American Society for Testing and Materials.

1.3 "Barrel" means a standard barrel of Product containing forty-two (42) Gallons. Correction of volumes to sixty degrees (60°) Fahrenheit shall be made in accordance with "Table 6B (unabridged) of ASTM/IP/AP Petroleum Measurements Tables, ASTM Designation: D1250-80, IP Designation: 200/52 (81) and AP Standard D2540", as may be supplemented or amended from time to time.

1.4 "Base Price" means the Index Price plus the Bid Increment Adder. For the avoidance of doubt, the Base Price does not include any freight charges and/or any applicable taxes.

1.5 "BTU" or "British Thermal Unit", means the quantity of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

1.6 "Business Day" means any day (except Saturdays, Sundays, Holidays) on which the Federal Reserve member banks of New York City, New York are open for business. A Business Day shall run from 8 a.m. to 5 p.m. Eastern Prevailing Time.

1.7 "Buyer's Rules" means any and all of Buyer's policies, procedures and requirements relating to safety, security, environmental matters and/or the transportation and unloading of materials.

1.8 "Delivery Point(s)" means the connection point between Seller's Transport Truck or the pipeline equipment and the applicable unloading and storage facilities at the facility(ies) specified by Buyer at the time such deliveries are scheduled in accordance with ARTICLE 9 hereof.

1.9 "Eastern Prevailing Time" or "EPT" means Eastern Daylight Time or Eastern Standard Time, whichever is applicable for the then current period of time.

1.10 "Force Majeure" means an event or circumstance which prevents one Party (the "Claiming Party") from performing its obligations under this Contract, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Without limitation, Force Majeure shall include: acts of God or the public enemy; insurrection, riots, strikes or similar differences with workmen; fire; storm; flood; explosion; nuclear disaster; order of civil or military authority; compliance with or other action necessary to carry out the intent or purpose of any law or regulation; disturbances, explosions, accident to or breakage of pipelines, machinery or equipment necessary to such Party's performance under this Contract; failure or refusal of truck lines to provide transportation of the Product when such failure or refusal is a result of changes in the specifications for such Product; or freezing of machinery, equipment or facilities.

1.11 "Forecast" shall have the meaning given to such term in ARTICLE 9 hereof.

1.12 "Gallon" means one (1) standard U.S. Gallon at a temperature of sixty degrees (60°) Fahrenheit.

1.13 "Index Price" [redacted]

1.14 "Interest Rate" means the prime lending rate for such day as set forth in *The Wall Street Journal* (or any successor publication) under the section titled "Money Rates" plus two percent (2%) per annum; provided however, in no event shall the Interest Rate exceed the maximum rate permitted by applicable law.

1.15 "Letter(s) of Credit" means one or more irrevocable, transferable, standby letter(s) of credit from a major U.S. commercial bank or a U.S. branch office of a major commercial foreign bank, with such bank having a credit rating of at least "A-" from the Standard and Poor's Rating Group (a division of McGraw-

Hill, Inc.) or "A3" from Moody's Investor Services, Inc., and capital surplus of at least $1,000,000,000.00. Such letter(s) of credit shall be in substance, tenor and format reasonably acceptable to the Party requesting the letter(s) of credit.

1.16 "Live Tank" means any tank that is utilized for the storage of No. 2 Fuel Oil and from which, at the time any Product is being loading into such tank pursuant to this Contract, Buyer is withdrawing product from the tank for use in Buyer's facility.

1.17 "Net Quantities of Volume" means the number of Gallons of Product after taking into account any adjustments for temperature differences.

1.18 "Normal Business Hours" means the period from and including 8:00 a.m. to but excluding 5:00 p.m. EPT during any Business Day.

1.19 "OSHA Requirements" shall have the meaning given to such term in Section 5.2 hereof.

1.20 "Regulations" shall have the meaning given to such term in Article 26 hereof.

1.21 "Representatives" shall have the meaning given to such term in Section 5.2 hereof.

1.22 "Scheduled Requirements" shall have the meaning given to such term in ARTICLE 9 hereof.

1.23 "Selling Price" means the amount, in cents per Gallon (rounded to the nearest one-hundredth cent ($0.0001), inclusive of all taxes, duties, fees, assessments, charges, the Index Price and the applicable Bid Increment Adder that Buyer will pay to Seller for Product that is delivered and received pursuant to this Contract.

1.24 "Term" shall have the meaning set forth in Section 2.1 hereof.

1.25 "Transport Truck" means a tank transportation truck, approved and certified for the transportation of hazardous material and that is suitable for delivery of the Product to the Delivery Point, whether such truck is owned by Seller, its affiliate or Seller's contractor.

ARTICLE 2

TERM; ADDITIONAL TRANSACTIONS; TERMINATION OF 2003 CONTRACT

2.1 The term of this Contract shall be for the period from and including January 1, 2004 to and including December 31, 2004 (the "Term"). The contract may be extended for an additional one year term by mutual written agreement of the parties.

2.2 Except as otherwise mutually agreed between the Parties in writing at the time a transaction is entered into, during the Term of this Contract the covenants, terms, conditions and requirements set forth herein shall also govern any spot market purchases and/or any subsequent bid proposals hereinafter entered into between the Parties regardless of whether or not such transactions were expressly set forth in this Contract. Notwithstanding the foregoing, the quality specifications, the purchase price and the payment terms for any such spot market purchases or subsequent proposals contemplated in this Section 2.2 will be determined by mutual agreement of the Parties and set forth in a written confirmation.

2.3 The Parties agree that, notwithstanding the provision of Section 2.1 and Section 2.2 of the 2003 Contract, the 2003 Contract shall hereby be terminated effective as of 12:01 a.m. EPT on January 1, 2004, and all deliveries of Product pursuant thereto, if any, that are scheduled to be delivered after such date shall be deemed to be transactions pursuant to this Contract as if such transactions were set forth fully herein.

ARTICLE 3
QUANTITY

3.1 Buyer agrees to purchase, receive and pay for Product that is scheduled and delivered in accordance with ARTICLE 9 hereof. Seller agrees to sell and deliver Buyer's Scheduled Requirements of Product during the Term hereof to the Delivery Point(s) specified by Buyer for such Scheduled Requirements. Seller expressly acknowledges and agrees that Buyer is under no obligation to purchase from Seller its full requirements of No. 2 Fuel Oil (or any other fuel) for any one or more of Buyer's facilities. Furthermore, notwithstanding any Forecasts given by Buyer in accordance with ARTICLE 9 hereof, Buyer is under no obligation to purchase any minimum quantity of Product from Seller unless and until such quantity becomes Scheduled Requirements in accordance with ARTICLE 9 hereof.

3.2 In the event Seller is unable to schedule and/or deliver any or all of the Scheduled Requirements for any reason, Seller shall immediately notify Buyer of the quantity and duration of its inability to deliver. Buyer shall be relieved of all liability to Seller with respect to the volume of Scheduled Requirements that Seller is unable to deliver.

3.3 In the event that Seller fails to deliver the Scheduled Requirements and such failure is not excused by Force Majeure and/or by Buyer's failure to perform, then Seller shall pay to Buyer the difference, if any, between the Selling Price applicable to such volume hereunder, and the price at which Buyer, acting in a commercially reasonable manner, replaces the volume of Product not delivered by Seller. Absent such replacement, the difference shall be deemed to be zero dollars.

ARTICLE 4
QUALITY

4.1 Unless otherwise agreed to by Buyer and Seller, the Product delivered by Seller hereunder to Buyer at the Delivery Point(s) shall conform to ASTM-396 and to the specifications set forth in Exhibit A attached hereto and incorporated herein by reference. Conformance or non-conformance to such specifications shall be determined in accordance with the ASTM test method applicable to such specification(s). The maximum and minimum values set forth in Exhibit A include all allowances for repeatability and reproducibility of each respective ASTM test method with respect to the Product sample.

4.2 Buyer may refuse to use and/or to accept delivery of any Product or any separable portion of any shipment of Product that does not meet the specifications set forth in Exhibit A. If, before or during unloading, Buyer has reason to believe, in its sole judgment, that the product being discharged from Seller's Transport Truck or pipeline does not meet the specifications set forth herein, Buyer may order the cessation of the discharging of the product until the quality of the product has been determined by an independent inspector as provided below. Any reasonable delay in unloading the Product for purposes of determining the quality of the Product shall be at no cost to Buyer. Buyer and Seller shall cooperate with one another to resolve any such quality problems in the most expedient manner reasonably practicable and shall use an independent inspector who is mutually selected by the Parties to resolve any dispute as to the quality of the product. The cost of the independent inspector shall be borne by the Party being found in

error as to the nature of the dispute. The results of the independent inspector's analysis shall be conclusive and binding on both Buyer and Seller.

4.3 Buyer retains the right to sample all deliveries of product upon loading and to sample, on a regular or random basis, any Product in Seller's storage facilities regardless of whether or not such Product has been designated for future delivery to Buyer.

4.4 The remedies of Buyer set forth herein are not exclusive and Buyer reserves the right to pursue any other remedies whether at law or in equity.

ARTICLE 5
DELIVERY

5.1 Seller agrees to arrange all Transport Truck and pipeline deliveries. All deliveries made by Seller, its agents, affiliates, or contractors shall be made in conformity with all applicable local, state and federal regulations applicable to the transport and unloading of the Product.

5.2 Seller shall, and shall cause its parent, subsidiaries, and/or affiliates, and their respective employees, agents, and/or representatives (collectively the "Representatives") to, in all respects including, without limitation, with respect to any Product transported and unloaded pursuant to this Contract and any material and equipment provided or utilized by Seller, conform to and comply with all applicable federal, state and municipal laws, rules and regulations including, but not exclusive of, any such laws, rules and regulations relating to occupational health and safety, including, but not limited to, the Occupational Safety and Health Act of 190 and the regulations and standards issued thereunder ("OSHA Requirements").

ARTICLE 6
SELLING PRICE

6.1 The Selling Price of each Gallon of Product purchased by Buyer hereunder shall be determined by adding the Index Price to the applicable Bid Increment Adder set forth in Exhibit D, attached hereto and incorporated herein by reference, as of the date the Product is lifted, as specified on the bill of lading applicable to such delivery of Product.

6.2 Notwithstanding any provision to the contrary herein, in the event that the Selling Price of Product delivered hereunder becomes subject to maximum or minimum price limitation(s) established by state or federal price control law(s) or regulation(s) (the "Price Controls"), Buyer and Seller agree that they will reform the Selling Price of any affected Product so as to comply with the applicable Price Controls.

6.3 If the postings or indices used for calculating the Index Price cease to be published or are changed such that they are no longer useful in the reasonable opinion of either the Buyer or Seller, then, after no less than thirty (30) days prior written notice by either Party to the other Party, a new basis for calculating the Selling Price shall be negotiated. If no agreement as to substitute postings can be reached within thirty (30) days from the date the notice was received by the non-requesting Party, this Contract shall be deemed to be terminated.

6.4 If Buyer changes its specifications during the term hereof, and such changes are not the result of any new or changed regulations as provided in ARTICLE 27 hereof, Buyer shall notify Seller of such change and Seller and Buyer shall meet as promptly as possible to determine whether or not Seller can provide Buyer with Product that meets the new specifications and the price for such Product. In the event that (i)

Seller can deliver Product that meets Buyer's new specifications (the "New Product") and (ii) the Selling Price and any other changes to this Contract that may be required by Seller with respect to such New Product are acceptable to Buyer, then the Parties hereto shall promptly amend this Contract in writing to reflect such changes. In the event Seller cannot or is unwilling to deliver Product that meets Buyer's new specifications, then Buyer shall have the right to terminate this Contract by providing Seller with at least thirty (30) days prior written notice. Such termination shall not release either Party from any obligations to make payments for any amounts that were owed by such Party hereunder (whether or not then due) prior to the effective date of the termination.

ARTICLE 7
PAYMENT TERMS

7.1 For deliveries by Transport Truck, Seller shall provide Buyer's representative at the applicable Delivery Point with a Bill of Lading for each delivery of Product hereunder prior to unloading any of the Product at such Delivery Point. Additionally, for those Delivery Points specified in Exhibit B attached hereto and incorporated herein by reference, Seller must also provide Buyer with a faxed invoice for each delivery of Product within 48 hours after such Product is unloaded; provided, however, that in all cases, the Bill of Lading is the governing document for determination of the quantity of fuel delivered by Transport Truck to the Delivery Point. For pipeline deliveries payment shall be based gauging Buyer's tank in accordance with Section 10.2 hereof. [redacted]. Buyer will make payment to Seller in U.S. funds via wire transfer or Automated Clearinghouse ("ACH") Any amounts not paid when due, shall accrue interest at the Interest Rate (as defined below) from the Due Date, to but excluding the date paid; provided that such amount is not the subject of a bona fide dispute as set forth in Sections 7.2 and 7.3 below,. "Interest Rate" shall mean the prime lending rate as set forth in The Wall Street Journal under "Money Rates" for such day plus 2%; provided, however, that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law.

7.2 In the event that Buyer disputes any amounts pursuant hereto, Buyer shall, within five (5) days after its receipt of the Bill of Lading to which such dispute relates, provide Seller with written notice of the dispute and reasonably full particulars with respect thereto. Buyer shall nonetheless pay the undisputed portion when due. Such payment shall not operate as a waiver nor shall it prevent Buyer from recouping any overpayments.

7.3 Both Buyer and Seller shall exercise due diligence to promptly resolve any dispute(s) pursuant to any unpaid amounts owed by Buyer to Seller or by Seller to Buyer. The Party determined to owe any disputed amount shall pay such amount to the other Party no later than ten (10) days from the date the dispute is resolved.

ARTICLE 8
TITLE AND RISK OF LOSS

8.1 Title to and responsibility for the Product, including but not limited to risk of loss, spills, fire, or explosion, shall pass from Seller to Buyer when and as the Product passes the first connection point between the Transport Truck and/or the pipeline, as applicable, and Buyer's storage facilities at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of Product prior to the time of delivery of Product to Buyer and will be responsible for any leaks at the connection flange(s) upon delivery.

ARTICLE 9
SCHEDULING & COMMUNICATIONS

9.1 Buyer agrees to furnish Seller with Buyer's *anticipated* volume requirements (the "Forecast") no later than the 25th of day of the month two (2) calendar months prior to the month of anticipated delivery. Buyer is under no obligation to purchase any amounts set forth in the Forecast unless and until such time when any amounts become Scheduled Requirements pursuant to Section 9.2 below.

9.2 For purposes of initiating deliveries of the Product, Buyer shall notify Seller of Buyer's volume requirements (the "Scheduled Requirements"). Unless otherwise agreed between the Parties, Buyer will provide Seller with notice of its Scheduled Requirements at least 24 hours prior to the intended date of delivery. Seller is obligated to supply all of Buyer's Scheduled Requirements not to exceed 100% of the Forecast provided by Buyer relating to such month pursuant to 9.1 above. In the event Buyer's Scheduled Requirements exceed the Forecast, Seller will use its best efforts to supply the volume amounts in excess of the Forecast.

ARTICLE 10
MEASUREMENT AND INSPECTION

10.1 For deliveries by Transport Truck, the quantities of Product received by or loaded into the Transport Truck shall be determined by Seller's state certified truck rack meter readings at Seller's storage facilities.

10.2 For pipeline deliveries, the quantities of fuel oil received by or loaded into the Central Florida Pipeline shall be determined by gauging Buyer's tank before and after delivery. In the event that deliveries must be made into a Live Tank, quantities shall be determined by reconciling the gauge of the Live Tank with metered shipment records provided to both Buyer and Seller by Seller's terminal and Central Florida Pipeline. Seller and Buyer each agree to pay one-half the costs of an independent inspector to gauge Buyer's tank.

10.3 All billings under this Contract shall be based on Net Quantities of Volume Temperature readings will be rounded to the next higher degree Fahrenheit when the first decimal place is five (5) or greater. The temperature reading will be rounded to the lower degree or Fahrenheit when the first decimal place is four (4) or lower.

ARTICLE 11
INDEMNITY AND NOTIFICATION

11.1 To the maximum extent permitted by applicable law, Seller shall indemnify and defend Buyer, including any of Buyer's parent, subsidiary and/or affiliate companies, and their respective officers, employees, agents, and any other party with an ownership interest in the premises (collectively "Buyer's Representatives"), from and against all liability, loss, costs, claims, damages, expenses, judgments, and awards, whether or not covered by insurance, arising or claimed to have arisen:

(a) wholly or in part from acts or omissions of, or as a result of work done or omitted from being done, or as a result of negligence by Seller, Seller's subcontractors or assignees and their agents or employees (including without limitation Seller's breach of this Contract), which resulted in:

(1) injury to (including mental or emotional) or death of any person ; or

(2) damage to or destruction of any property, real or personal including but not exclusive of environmental damage and including without limitation property of Buyer's Representatives and Buyer's other sellers,;

(b) out of injuries sustained and/or occupational diseases contracted by Seller's employees or the employees of any of Seller's subcontractors, or assignees, if any, of such a nature and arising under such circumstances as to create liability by Buyer (or its parent, subsidiary or affiliate companies) or Seller under the Workers' Compensation Act, and all amendments thereto, of the state having jurisdiction, including all claims and causes of action of any character against Buyer and its parent, subsidiary and affiliate companies by any employee of Seller, its subcontractors or assignees, or the employer of such employees, or any person or concern claiming by, under or through them resulting from or in any manner growing out of such injuries or occupational diseases;

(c) arising out of or in any way related to Seller's failure to comply with any Buyer's Rules; provided that a copy of such rule has been provided to Seller; and

(d) from demands, actions or disputes asserted by any subcontractors, employees or suppliers of Seller.

Indemnification shall include all costs including attorney's fees reasonably incurred in pursuing indemnity claims under or enforcement of this Contract.

11.2 All Transport Trucks and pipelines provided or utilized by Seller shall be clean and free of contamination. In the event the Transport Truck or the pipeline, as applicable, have been contaminated and Seller did not properly decontaminate such Transport Truck or pipeline prior to shipping any Product to Buyer and such shipment of Product is contaminated, Seller shall bear all costs and expenses resulting therefrom.

11.3 In the event that any Product delivered by Seller to Buyer is dirty or contaminated and such dirty or contaminated Product results in damage to Seller's equipment, Seller shall bear all costs or expenses, or reimburse Buyer if Buyer has paid such costs or expenses resulting therefrom, including, without limitation, any costs to repair or replace the damaged equipment.

ARTICLE 12
INSURANCE

12.1 Seller shall provide and maintain in full force and effect at no additional cost to Buyer for the duration of the Contract the following minimum amounts of insurance:

(a) Commercial general liability insurance or comprehensive general liability insurance with a minimum limit of $10,000,000 per occurrence for bodily injury and damage to property including contractual liability, premises/operations, products/completed operations, independent sellers, broad form property damage, personal injury coverage and environmental liability for all gradual and/or sudden

occurrences whether of accidental or any other nature, and a minimum aggregate amount of $20,000,000 or commercial/comprehensive general liability insurance plus additional excess umbrella liability insurance to meet these limits.

(b) Comprehensive automobile liability insurance with a minimum combined single limit of $1,000,000 per accident for bodily injury and damage to property, or covering bodily injuries or death in a sum not less than $500,000 per person and $1,000,000 per accident and covering damages to property in a sum of at least $250,000 per accident or comprehensive automobile liability insurance plus additional excess umbrella liability insurance to meet these limits. This insurance shall apply to any auto, regardless of whether or not such auto is owned by Seller.

(c) Workers' compensation insurance as specified by any applicable state law; when workers' compensation is required, Seller shall also provide employer's liability insurance in the minimum amount of $1,000,000 each accident and $1,000,000 per employee for bodily injury by disease with a disease policy aggregate of $2,000,000, or employer's liability insurance plus additional excess umbrella liability insurance to meet these limits.

12.2 All such coverage shall be primary. Seller agrees that it shall add Buyer, its officers, employees, agents, and all of Buyer's parent, subsidiary, and affiliate companies to Seller's liability insurance policies as additional insureds. Seller shall require its insurance carrier or agent to certify that this requirement has been satisfied on all Insurance Certificates issued under this Contract.

12.3 Before any Product is delivered and before any invoices are paid for Product delivered under this Contract, Seller shall provide written proof of compliance with the above insurance requirements by delivering to the address set forth in ARTICLE 16 a copy of certificate of insurance completed by Seller's insurance carrier or agent certifying that minimum insurance coverages as required above are in effect and that the coverage will not be canceled or changed until thirty (30) days after written notice is given to Buyer. Seller shall maintain, update, and renew the Certificate of Insurance for the duration of the Contract. In the event an acceptable Certificate of Insurance becomes outdated, Buyer may elect to withhold payment of invoices, and/or suspend deliveries of Product hereunder until Buyer receives an acceptable and properly dated Certificate of Insurance.

12.4 Seller is self-insured and will maintain in full force and effect the amounts and types of insurance coverage as outlined at [redacted]

ARTICLE 13
POLLUTION/PRODUCT SPILL

13.1 Contemporaneously with the execution of this Contract, Buyer shall deliver to Seller the applicable spill prevention control and countermeasures and/or response plans (the "Plans") for each of Buyer's facilities to which Product will be delivered pursuant to this Contract. Seller shall provide appropriate training to its employees including without limitation any contractors or agents ("Seller's Representatives") regarding spill prevention control and appropriate countermeasures. In the event of a spill, Seller's Representatives shall coordinate their efforts and actions with the Spill Response Coordinator(s) specified by Buyer for the affected site such that all such activities are in compliance with the Plans.

13.2 Buyer designates the following Spill Response Coordinator(s) for the for the following facilities:

Plant/Delivery Location	Spill Response Coordinators	Telephone
Anclote	Richard Hauf	(727) 409-1514
Avon Park	Dave Meyer	(727) 826-4187
Crystal River	Ron Johnson	(352) 422-8909
Debary	Dave Meyer	(727) 826-4187
Hines	Dave Meyer	(727) 826-4187
Intercession City	Dave Meyer	(727) 826-4187
Rio Pinar	Dave Meyer	(727) 826-4187
Suwannee	Dave Meyer	(727) 826-4187
Turner	Dave Meyer	(727) 826-4187

13.3 In the event that Seller or any of Seller's Representatives spills or discharges Product at or in close proximity to any Buyer facility but prior to the point at which title to the Product passes to Buyer, Seller shall undertake the following:

(1) immediately notify the Spill Response Coordinator for such facility,
(2) contain and collect the discharged Product and take other applicable measures to mitigate the pollution damage from the incident,
(3) assist Buyer in implementing the Plans and
(4) at Buyer's request, provide information about the incident to regulatory agencies.

13.4 If a Product spill or discharge was caused, directly or indirectly, in whole or in part by the actions or inactions of either Party or any of such Party's agents, employees, representatives or contractors (the "Liable Party"), the Liable Party shall reimburse the other Party for all fines and spill response expenses, if any, incurred by such other Party. If the Parties are required by any government agency to respond to a Product spill or discharge for which neither Party is responsible, the Parties shall equally share the response and related costs, provided that the spilled or discharged Product is the subject matter hereof. All cost sharing or allocations required hereunder shall be net of expense after insurance or other recovery, if any.

ARTICLE 14
FORCE MAJEURE

14.1 In the event either Party hereto is rendered unable by Force Majeure to carry out, in whole or in part, its obligations under this Contract, such Party shall provide notice and reasonably full particulars of such Force Majeure event to the other Party as soon as reasonably practicable after the occurrence of the event. Such notice may be given verbally but shall be confirmed in writing as soon as practicable thereafter. For so long as the event of Force Majeure is continuing, the obligations of the Party affected by the Force Majeure (except for the obligations to make payment hereunder) shall be suspended to the extent made necessary by the Force Majeure. The Party claiming Force Majeure shall exercise commercially reasonable efforts to remedy the Force Majeure as soon as practicable and shall keep the other Party advised as to the continuance of the Force Majeure event.

14.2 It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party experiencing the difficulty, and that the above requirements that any Force Majeure

shall be remedied with due diligence shall not require the settlement of strikes or lockouts by acceding to the demand of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

14.3 Notwithstanding anything to the contrary in this ARTICLE 14, Seller shall not declare an event of Force Majeure with respect to its supply sources unless Seller has first discontinued all sales to its other customers within the affected geographic area (except for those customers where such supply is necessary to protect the public health, safety, or welfare). If an event of Force Majeure occurs such that Seller must discontinue or prorate its sales and delivery of Product to Buyer, Seller shall offer to Buyer a substitute product if Seller has available to it such substitute product for sale and delivery to Buyer. Such offer by Seller shall include all particulars of the proposed sale and delivery of such substitute product including, but not limited to, price, quantity, quality, delivery schedule and carrier identification. Buyer will advise Seller of its decision to accept or reject Seller's offer as promptly as possible.

ARTICLE 15
TAXES, DUTY AND FEES

15.1 If any new or changed taxes, fees, duties, governmental surcharges, or charges of a similar nature ("Governmental Charges") are imposed subsequent to the date of this Contract and such changes are not reflected in the Selling Price, then Seller may adjust the Selling Price to reflect such changes. Seller shall provide Buyer with full particulars and proof that is reasonably satisfactory to Buyer of said Governmental Charges. In no case shall Buyer be liable for any Governmental Charges relating to Seller's income, franchise or similar items.

ARTICLE 16
NOTICES

16.1 Except as otherwise provided herein, any notice, request, demand, or statement provided for in this Contract, shall be in writing and delivered in person, by facsimile, electronic mail, expedited delivery service or by U. S. mail, to the Parties hereto at the addresses set forth below or as otherwise specified in writing by one Party to the other:

To Seller: For Notices and Contractual matters:

[redacted]

For Invoices:

At the above address

[redacted]

To Buyer: For Notices and Contractual matters:
Florida Power Corporation
Attn: Contract Administration – Oil Contracts
P.O. Box 1551, PEB 19A5
410 S. Wilmington Street, PEB 19A5
Raleigh, NC 27602
Phone: (919) 546-4280
Facsimile: (919) 546-2649

To Buyer: For Invoices:
At the above address, PEB 10A:
Attn: Dale Williams (primary)
Melanie Adams (secondary)
Phone: (919) 546-2083 (primary)
(919) 546-2075 (secondary)
Fax: (919) 546-6842

ARTICLE 17
FINANCIAL INFORMATION

Upon the request of either Party (the "Requesting Party") each Party agrees to provide to the Requesting Party its financial information as may be reasonably required by the Requesting Party to determine the ability of the Party being reviewed to fulfill it's payment and/or delivery obligations under this Contract. If such information is, in the Requesting Party's sole opinion, insufficient to adequately assure such Party of the other Party's performance hereunder, the Party being reviewed may be required to post performance assurance in the form of cash, a Letter of Credit or other security reasonably acceptable to the Requesting Party.

ARTICLE 18
LAW GOVERNING

Including any cross-claims and counterclaims asserted in any action, this Contract and any transactions pursuant hereto shall be governed by and construed in accordance with the laws of the State of Florida without regard to principles of conflicts of law

ARTICLE 19
ARTICLE HEADINGS

The article headings herein are for the purpose of convenience and reference only and shall not be taken to qualify, explain or affect any provisions hereof.

ARTICLE 20
ASSIGNMENT

This Contract shall not be assigned or transferred by either Party hereto without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed and any purported assignment without such consent shall be void. The succeeding entity shall agree in writing to be bound by the terms and conditions of this Contract.

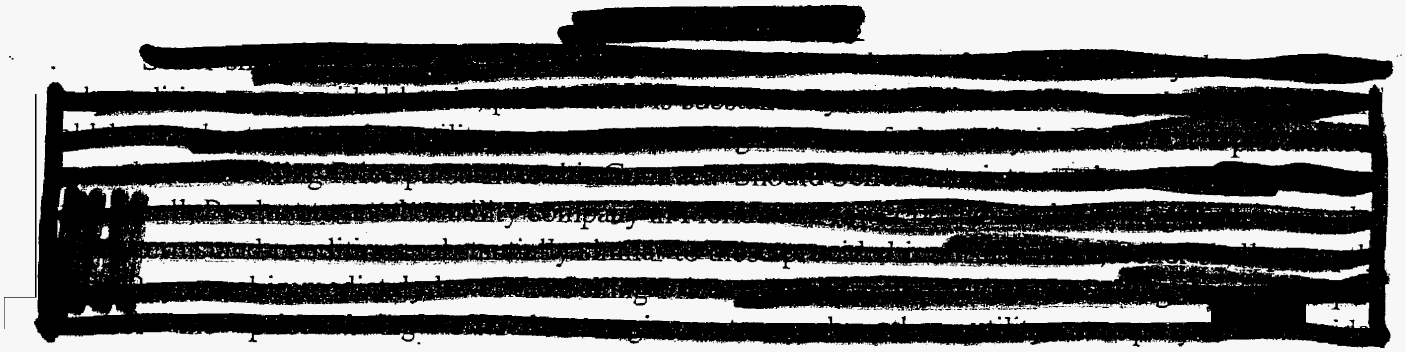
ARTICLE 21
WARRANTIES

21.1 Seller warrants that the Product will not be produced or delivered in violation of any applicable federal, state or other governmental law, or in violation of any applicable rule, regulation or order promulgated by any government agency having jurisdiction.

21.2 Seller warrants (a) that it has good and marketable title to the Product sold by it hereunder to the Buyer; (b) that Seller has the right to sell the same; and (c) that such Product shall be delivered by Seller to Buyer free from all liens, encumbrances and adverse claims including, but not limited to, liens to secure payment of Governmental Charges due on the Product prior to its delivery to Buyer.

21.3 **Seller hereby** warrants that the Product shall meet all specifications that have been expressly made a part of this Contract.

ARTICLE 22



ARTICLE 23
WAIVER

No waiver by either Party of any breach or default of any of the covenants or conditions herein contained to be performed by the other Party shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition of this Contract whether of like, same or different nature. Any such waiver shall be in a writing executed by the Party against whom enforcement is sought.

ARTICLE 24
CLEAN AIR AND WATER

Seller shall provide to Buyer without additional charge any information in Seller's possession which falls within the scope of an information request issued to Buyer pursuant to the Clean Air Act (42 USC Chapter 85), the Clean Water Act (33 USC Chapter 26) or other Regulations, and shall otherwise cooperate with Buyer in responding to such information request to the extent the request involves Seller's activities under this Contract. Seller shall comply with environmental Regulations applicable to this Contract.

ARTICLE 25
CONFLICTS OF INTEREST

No director, employee, or agent of either Party shall give to or receive from the other Party any compensation, fee, rebate, gift, or entertainment of significant cost or value in connection with this Contract.

ARTICLE 26
CONFIDENTIALITY

26.1 Except as otherwise provided below, neither Party shall disclose, either directly or indirectly, the terms of this Contract or any information or data related hereto to a third party without the written consent of the other Party (other than a Party's and its affiliates' employees, lenders, counsel, agents, accountants or prospective permitted purchasers), except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure if such notice does not violate the law, order, regulation or rule requiring the disclosure and shall use reasonable efforts to prevent or limit the disclosure.

26.2 The Parties hereto acknowledge that independent legal counsel, the Florida Public Service Commission and accounting representatives of either Party hereto may, from time to time, be provided with a copy of this Contract and the Parties agree that such disclosure does not require consent by the other Party, provided that such legal counsel or accounting representatives are advised of the terms and conditions of this ARTICLE 26. Buyer may also provide a copy of this Contract without the consent of Seller to third parties who purchase electric power from Buyer, provided that the terms of this Contract are material to determining the obligations of such third parties under their electric power purchase contracts and that such third parties affirm in writing their agreement to keep the terms and conditions of this Contract confidential.

ARTICLE 27
NEW OR CHANGED REGULATIONS

It is understood by both Seller and Buyer that this Contract and all transactions pursuant hereto are being entered into pursuant to the laws, rules, regulations, ordinances, decrees, agreements, concessions, and arrangements ("Regulations") with or of federal, state, or local government(s) or governmental agencies in effect as of the date of this Contract. It is further recognized that, from time to time, certain Regulations governing the product that Buyer is permitted or required to use in its facilities or that Seller is permitted to sell may be changed such that the use of product that differs from the Product described and specified herein may be substituted therefore and that such substitution may or may not be at the option of the Parties. If such Regulations are changed or if new Regulations become effective, whether by law, decree or by response to the insistence or request of any governmental authority or person purporting to act therefore, and the effect of such new or changed Regulations is not covered by another provision of this Contract and/or has an adverse effect upon either Party, Seller or Buyer shall have the option, in their respective sole judgment, to request renegotiation of the terms of this Contract that are impacted by the new or changed Regulations. If Buyer is required to purchase product having different specifications from those agreed to herein or if Seller is prohibited from selling product meeting the specifications hereunder in order to meet such new or changed Regulations, the affected Party shall promptly notify the other Party, in writing, of such required change in the Product specifications. Such notice shall contain reasonably full particulars relating to the new or changed Regulations. If Seller has sufficient supply of product that conforms to the new or changed Regulations in quantities sufficient to meet Buyer's new or changed requirements, the Parties will promptly enter into good faith negotiations to agree on new terms for such Product. If no agreement can be reached within thirty (30) days after such notice is given or if Seller cannot supply the new or changed requirements, Buyer or Seller will have the right to buy or sell Product, as the case may be, elsewhere and all obligations of Buyer and Seller, shall be dismissed except for any obligations to make payments for any amounts owed (whether or not then due) by either Party prior to the effective date of the termination. Upon Buyer's written notice to Seller of such change, whether or not

such change is at Buyer's option, Buyer's obligation(s) hereunder to purchase such volumes of Product remaining under this Contract shall be subject to Buyer's permit to use such Product or to the availability of a substitute Product at a mutually agreeable Selling Price.

ARTICLE 28
AUDIT

28.1 Seller agrees to maintain books, records, invoices, documents, and other evidences pertaining to its costs related to this Contract, including but not exclusive of any documents pertaining to any relevant Transport Truck and Pipeline or other transporter ("Records"), to the extent and in such detail as will properly reflect all costs and expenses of whatever nature for which reimbursement may be claimed hereunder. Upon request of Buyer, Seller shall make available to Buyer any and all said Records along with any related receipts, correspondence, vouchers, or memoranda pertaining to this Contract for inspection, audit or reproductions by any authorized representative of Buyer. Seller shall preserve all Records for a period of three (3) years after final payment hereto during which period Buyer shall complete any audit that may be desired. Should discrepancies or questions arise, the Records shall be preserved until agreement is reached.

28.2 Notwithstanding the foregoing or any provision to the contrary, in the event that Buyer or Seller determines (through review of its records or otherwise) that Buyer has overpaid to Seller any amounts hereunder or that Seller has not received any amounts owing by Buyer hereunder, the Party making such determination (the "Determining Party") shall notify the other Party of such no later than 365 calendar days from the date Buyer received the Product to which such amount relates (the "Delayed Notification Date"). In the event that the Determining Party fails to notify the other Party of such determination by the Delayed Notification Date, then regardless of the date on which the Determining Party actually makes such determination, said Party shall be deemed to have waived any rights it may have had to collect such amounts from the other Party, and the non-determining Party shall be deemed to be released from any obligation it may have had to pay such amounts.

28.3 In the event that either Party (the "Audited Party") is subject to a federal, state and/or local governmental or regulatory audit or review, then upon the written request of the Audited Party, the Audited Party shall be entitled to the same review and examination rights set forth in the 28.1 above. Such right set forth herein shall not be governed by the three (3) year limitation in 28.1, but shall be limited to any statute of limitations for such governmental or regulatory audit, or any waivers thereof. Such right shall not extend any time frame for the adjustment of any payments or invoices beyond the three (3) year period set forth in 28.1 above.

ARTICLE 29
AMENDMENT

. This Contract, including any attachments and Exhibits attached hereto and incorporated herein by reference, constitutes the entire understanding between the Parties with respect to the subject matter hereof, and, except for changes in the notices information set forth in ARTICLE 16 hereof, or as otherwise provided herein, shall not be modified, changed, supplemented or amended except by a written instrument signed by the properly authorized representatives of the Parties. Buyer shall have the right, at Buyer's sole discretion, to remove any of the facilities set forth in Exhibit B so that such removed facility is no longer a Delivery Point as defined in this Contract (and set forth in Exhibit B), provided that Buyer shall furnish Seller with a corrected Exhibit B and such modification shall be effective on the date of Seller's receipt of such; and further provided that neither Party shall be entitled to modify Exhibit B in order to add any

Delivery Point(s) without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

ARTICLE 30
MISCELLANEOUS

30.1 Each Party consents to the creation of a tape or electronic recording of all telephone conversations between the parties to this Contract, and that any such recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to this Contract. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees. Each Party waives any objections to the introduction of the recorded conversations into evidence to prove a contract whether based on the Statute of Frauds, the parol evidence rule, the best evidence rule or any similar evidentiary rules. Each Party waives any objection or defense to its authority or the authority of its employee provided that such employee can be identified on the relevant employing Party's recording.

30.2 The Parties agree that this Contract and all transactions entered into pursuant hereto each constitute a "forward contract" and that such Party is a "forward contract merchant" within the meaning of the U.S. Bankruptcy Code and any other applicable insolvency laws.

30.3 Except as otherwise provided for herein, the provisions of the Uniform Commercial Code ("UCC") of the state whose laws shall govern this Contract shall be deemed to apply to all transactions.

30.4 This Contract shall be considered for all purposes as prepared through the joint efforts of both Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof.

30.5 Any original executed Contract or other related document may be photocopied and stored on computer tapes and disks ("Imaged Document"). If an Imaged Document is introduced as evidence in any judicial, arbitration, mediation or administrative proceedings, it shall be considered as admissible evidence; provided that there is no evidence that such Imaged Document has been manipulated or otherwise altered in any way. Neither Party shall object to the admissibility of the Imaged Document on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule, or other rule of evidence.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have made and executed this Contract in duplicate originals, each of which shall constitute and be an original Contract, signed by their duly authorized officers or individuals, as of the day and the year first above written.

Florida Power Corporation d/b/a
Progress Energy Florida, Inc.
(Buyer)

Witness:

By:

Name: Robert F. Caldwell
(Please Print)

Title: Vice President

Date: February 11, 2004

[redacted]
(Seller)

Witness:

By:

Name: [redacted]

Title: [redacted]

Date: [redacted]

EXHIBIT A

METHOD		ASTM TEST
Flash Point Minimum	140° F or legal	D-93
Pour Point Maximum	20° F	D-97
Water & Sediment % Volume Maximum	0.05%	D-96/D1796
Carbon Residue on 10% Bottoms Max.	0.35%	D-189/D-4530
Distillation Points 90% Min. Max.	540° F 650° F	D-86
Viscosity @ 100° F Min. CS Max.	1.9 3.6	D-445
Ash Weight % Maximum	0.01	D-482
Gravity Minimum API	30	D-287/D-1298
Sulfur Weight % Maximum[2]	0.5	D-1552/
BTU/Gallon Minimum[3]	137,000	D-240
DuPont Stability Maximum	7 maximum	N/A
Oxidation Stability mg/100 ml Max.	2.5	D-2274

1 Intercession City has a max. percent by weight Sulfur of two-tenths of one percent (0.2%). Debary has an annual weighted average max. percent by weight Sulfur of three-tenths of one percent (0.3%).
Hines and University of Florida has a max. percent by weight Sulfur of five-hundredths of one percent (0.05%). Hines requires Jet Fuel and University of Florida requires Low Sulfur Diesel.

2 BTU/Gallon minimum is based on Higher Heating Value (HHV).
Lower Heating Values (LHV) ASTM Test Method D-240 and nitrogen ASTM Test MethodD-4629 shall be reported for Debary and Intercession City deliveries. There is no minimum or maximum guarantee for these two (2) sites.

EXHIBIT B

PLANT LOCATIONS/DELIVERY POINTS	
NCLOTE POWER PLANT 729 Bailey's Bluff Road oliday, FL 34691	#2 Fuel Oil, 0.5% max. sulfur is received by truck. The plant is located near Tarpon Springs, Florida. Requires pump on trucks.
VON PARK PLANT 415 S. Islands Avenue von Park, FL 33825	#2 Fuel Oil 0.5% max. sulfur is received by truck. Requires pump on trucks.
RYSTAL RIVER COAL PLANTS owerline Road rystal River, FL 34428	#2 Fuel Oil, 0.5% max. sulfur is received by truck. Located approximately 5 miles north of Crystal River, Florida, off US 19.
EBARY PLANT 76 West Highbanks Road ebary, FL 32713	#2 Fuel Oil is received by truck. Plant must maintain 0.3% max. sulfur tank reading. Receives 50/50 mix of 0.5% and 0.05% oil. Located east of Debary, Florida, off Highbanks Road.
IGGINS PLANT ast Shore Drive ldsmar, FL 34677	#2 Fuel Oil, 0.5% max. sulfur is received by truck Located on Booth Point at Oldsmar, Florida (Tampa Bay). Requires pump on trucks.
INES ENERGY COMPLEX 700 County Road 555 artow, FL 33830	Kerosine is received by truck. Located 8.1 miles from FL 60 West.
NTERCESSION CITY PLANT 525 Osceola-Polk Line Road ıtercession City, FL 33848	This plant receives #2 Fuel Oil. Plant must maintain a 0.2% max. sulfur tank reading. Receives 2/3 0.05% and 1/3 0.5% oil. Deliveries are received via the Central Florida Pipeline (normal delivery size is 15,000 BBLS) and by truck Intercession City Plant is located near Kissimmee, Florida.
IO PINAR PLANT)3 So. Econlockhatchee Trail rlando, FL	#2 Fuel Oil, 0.5% max. sulfur is received by truck. Located on the corner of Lake Underhill and Econlockhatchee Trail (nearest town is Union Park). Requires pump on trucks.

UWANNEE PLANT oute 8, Box 286 ive Oak, FL 32060	#2 Fuel Oil, 0.5% max. sulfur is received by truck Located at Ellaville, Florida off US 90, near Live Oak.
EORGE T. TURNER PLANT)1 Debary Avenue eltona, FL 32725	#2 Fuel Oil, 0.5% max. sulfur is received by truck. The plant is less than one mile from highway I-4.
NIVERSITY OF FLORIDA OGENERATION PLANT LORIDA POWER CORPORATION uilding 82 lowery Road ainesville, FL 32611	Receives #2 Fuel Oil, 0.05% max. sulfur and kerosine by truck. Located in Gainesville, Florida on the University of Florida campus Bldg. 82.

EXHIBIT C

RULES OF SAFETY AND CONDUCT AT BUYER'S DELIVERY POINTS

The following procedures shall be adhered to while at the Delivery Point(s).

1. Smoking, open lights on Buyer's property and exterior hot work are prohibited while at the Delivery Point(s).

2. Buildings and the tank farms are off limits for all but employees of Buyer.

3. Local calls for transportation and local or credit card calls, of short duration, for Transport Truck and Pipelines' business may be made with permission of Buyer's representative prior to making any calls.

4. Buyer does not supply gaskets for transfer connections.

EXHIBIT D

PRICING &
BID INCREMENT ADDER TO INDEX PRICE

Rack Options Products	Annual Volume	Terminal	CITY	Proposed New Adders	Demurrage
LS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
HS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
HS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
HS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pipeline Options Products	**Annual Volume**	**Terminal**	**CITY**		**Demurrage**
LS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
HS# 2 / Dyed	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

EXHIBIT E

FREIGHT

Location	Address	City	Zip	Terminal	PTO	Freight
Crystal River # 4	Powerline Road	Crystal River	34428	Tampa		[redacted]
Crystal River # 1&2	Powerline Road	Crystal River	34429	Tampa		[redacted]
Crystal River #5	Powerline Road	Crystal River	34430	Tampa		[redacted]
Anclote Plant, Holiday, Fl	1729 Bailey's Bluff Rd.	Holiday	34691	Tampa	X	[redacted]
Debary, Fl	176 West Highbanks Rd.	Debary	32713	Jacksonville		[redacted]
Intercession City, Fl	6525 Osceola-Polk Line Rd.	Intercession City	33848	Tampa		[redacted]
Intercession City, Fl	6526 Osceola-Polk Line Rd.	Intercession City	33849	Orlando		[redacted]
Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Jacksonville		[redacted]
Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Jacksonville		[redacted]
Higgins Plant, Oldsmar, Fl	East Shire Drive	Oldsmar	34677	Tampa	X	[redacted]
Avon Park, Fl	14158 S. Islands Avenue	Avon Park	33825	Tampa	X	[redacted]
Gainesville, Fl	Mowry Rd. Building 82	Gainesville	32611	Jacksonville		[redacted]
Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Tampa	X	[redacted]
Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Orlando	X	[redacted]
Debary, Fl	176 West Highbanks Rd.	Debary	32713	Tampa		[redacted]
Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Bainbridge		[redacted]
Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Tampa		[redacted]
Hines Plant, Bartow, Fl	7700 County Road 555 S.	Bartow	33830	Tampa	X	[redacted]
Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Orlando		[redacted]
Debary, Fl	176 West Highbanks Rd.	Debary	32713	Orlando		[redacted]
Intercession City, Fl (pipeline)	6525 Osceola-Polk Line Rd.	Intercession City	33848	Pipeline		[redacted]

[redacted] BP Gerbson

[redacted] Transmontaigne Richard Hess

[redacted] Central Reece

[redacted] Colonial Bossman, Hill

[redacted] Royal Arnold Feaster Crownpetro@aol.com

[redacted] Texpar Jude Kruse

[redacted] Somers Gene Turner

[redacted] Rio Energy John Murray, McClamrock

[redacted] Quantum Energy Resources ~~Mr~~ sjordan@jpdq.net

~~[redacted]~~ jferullo@delcooil.com

[redacted] Delco Oil Inc. Chuck Balfe 1-386-734-6654

[redacted] A. Hess rrhoades@hess.com

August 19, 2003

Dear Prospective Bidder:

REQUEST FOR PROPOSAL FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

Bid Deadline: December 23, 2002
5:00 pm EDT

Florida Power Corporation dba Progress Energy Florida (FPC) hereby solicits the following Request for Proposals (RFP) for the purchase of No. 2 oil.. Bidder may propose No. 2 oil in the specified quality and quantity with deliveries scheduled to begin January 1, 2004. Bidder may also include multiple proposals or proposals for a portion of FPC's requirements if desired.

All proposals will generally be evaluated in accordance with the following items:

A. **Proposals are due no later than 5:00 p.m. Eastern Time, September 17, 2003.** Bidders must complete the appropriate attachments in order for their offer to be considered by FPC. **Proposals must be returned to the following e-mail address: dale.williams@pgnmail.com. Please put the following in the subject line of your bid response "FPC #2 fuel oil Annual System Requirements Bid Response."** Bid packages e-mailed to any other e-mail address will be not be considered. **If you do not have access to e-mail, please mail your response via U.S. mail to the following address: Progress Energy, Attn: Dale Williams PEB10, 410 South Wilmington Street, P.O. Box 1551, Raleigh, NC, 27602. Please mark any mailed responses "FPC#2 fuel oil Annual System Requirements Bid Response."** Proposals must remain open until October 31, 2003 to permit comprehensive evaluation and may not be withdrawn for any reason during this period. **Late proposals will not be considered.** FPC's acceptance may be communicated by phone, followed by a written acceptance subject to management approval and negotiation of a mutually acceptable contract.

B. Price fixing method to be included in bid.

C. Approximate quantity and delivery locations to be specified.

D. Proposals will be evaluated on the basis of, including, but not limited to, delivered evaluated cost, payment terms, operating costs and handling impacts(if any). Bidder's capability and flexibility in meeting FPC's delivery requirements and meeting other preferences and requirements, logistical arrangements, etc.

The attachments to this letter contain guidelines and information, which Bidders must incorporate in their response as appropriate to their capabilities. Bidders must fully complete Attachment 1,2A-2L, and 3 as applicable in order to be considered by FPC.

FPC reserves the right to waive informal technicalities or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals that in FPC's sole judgment are in the best interest of FPC. No report of the bids will be made by FPC.

If you choose not to submit a proposal and would like to remain on the Bidder's list for term proposals, please complete the attached Attachment 4 and return it on or before the bid due date.

Sincerely,

Dale Williams
Regulated Commercial Operations
Florida Power Corporation

Attachments

Florida Power Corporation
REQUEST FOR PROPOSAL
NO. 2 OIL SUPPLY REQUIREMENTS GUIDELINES

Scope of Request for Proposal:

- FPC is soliciting bid proposals for No. 2 fuel oil and the transportation of this product for use at its facilities throughout Florida.

Term:

- The minimum term of this bid shall be from January 1, 2004- December 31, 2004.

Bid Submission:

- All bid proposals shall be received no later than 5:00 p.m. (EST) September 17, 2003. Bids received after the deadline will not be accepted.

- If e-mailed, bid responses should be sent to the following address:
  dale.williams@pgnmail.com

  Please put the following in the subject line of your e-mailed bid response:
  "FPC #2 fuel oil Annual System Requirements Bid Response"

- If mailed via U.S. Postal Service, bid responses should be addressed as follows:
  Progress Energy
  411 Fayetteville Street
  P.O. Box 1551 (PEB 10)
  Attn: Dale Williams
  Raleigh, North Carolina 27602

- Each Bidder must submit via USPS mail at least one copy of Attachments 1, 2A-2L and 3 as applicable (please do not mail the entire bid package along with the attachments!) with an authorized signature, full business address and other relevant information. No bids will be awarded without at least one mailed copy with original signatures of Attachments 1, 2A-2L, and 3 as applicable. These attachments must be submitted via USPS mail regardless of the method of bid submission utilized (e-mail or U.S. Postal Service). This mailed copy of the bid proposal acknowledges that the information contained in the bid submitted by you and your company is correct, factual, and is fully authorized by the appropriate person(s). In addition, it is retained for internal auditing purpose. Bid proposals should be signed in the official name of the corporation, followed by an authorized signature. The names of all persons signing should also be typed or printed below the signature. If Bidder does not own or control the No. 2 oil offered, Bidder must attach a letter from the oil supplier, signed by a duly authorized officer, stating that the Bidder has the exclusive right to offer this oil.

- FPC will retain in confidence all bids and other information received pursuant to this RFP to the extent allowed by law. FPC reserves the right to disclose such information, bids or draft contracts to consultants it may retain to assist in the RFP evaluation and contract effort, or when so requested by a court or governmental agency.

- Bidder shall be responsible for the completeness and accuracy of all the information contained or used in preparation of the bid, and for supplying all necessary supporting information.

- Bids should be complete, clear, and specific. To allow sufficient evaluation time, each bid, and any quoted prices, should be valid through October 31, 2003, and may not be conditioned upon "subject to prior sale." Bids selected for further evaluation should remain valid through the final negotiation process.

- The following attachments include provisions for bids to be completed with information regarding specifications, and other pertinent contractual, administrative and operational data. A cover letter is also included which, when signed by the Bidder and forwarded to FPC along with the below listed attachments, will constitute Bidder's proposal. It is, therefore, important that Bidder sign the letter and the attachments as hereafter provided.

PLEASE SUBMIT THE FOLLOWING; AS APPLICABLE:

- **Attachment 1** - NO. 2 OIL SELLER'S INFORMATION - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 2A-2L** - NO. 2 OIL PRICING AND QUALITY - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 3** - LETTER ENCLOSING PROPOSAL – Complete and return via e-mail along with one authorized and signed original via USPS mail.

- **Attachment 4** - NO BID LETTER - If there is no bid, please complete, sign and return the NO BID LETTER ONLY via e-mail along with one signed original via USPS mail.

Quality:

All supplies are for power generation and unless otherwise specified should be dyed red for off road use. Most locations require 0.5% Sulfur maximum. Deviations from this are noted in the attached specifications.

Pricing:

- Prices should be bid as follows:

  1) FPC price at the shipping point in cents per net gallon with the shipping point (terminal or terminals) specified and index(s) to be used;

  2) Transportation charges in cents per **net** gallon from shipping point to the applicable location.

Transportation:

- The Seller of the fuel oil must arrange transportation for No. 2 oil deliveries.

- Delivery of No. 2 oil will be by barge, pipeline or truck depending on delivery location.

Payment:

- Bidder should specify the terms for payment for No. 2 oil and transportation charges incurred delivering No. 2 fuel oil. FPC's normal payment terms are 15 days from receipt of invoice and supporting documentation. FPC may elect to pay for deliveries based on Bill of Lading for truck delivery locations. Discounts for prompt payment will be considered and evaluated. Payment for both fuel oil and transportation will be based on net gallons @ 60 degrees Fahrenheit.

Evaluation and Award:

- All bids meeting the requirement of this RFP will be reviewed and evaluated by FPC. FPC reserves the right to utilize outside consulting assistance in its evaluation.

- All bids will be evaluated based on the proposal submitted and the lowest evaluated delivered cost per gallon to the various FPC sites detailed in this RFP.

- FPC reserves the right to waive technicalities or irregularities; to reject any or all bids; and/or to accept any bid which in FPC's sole judgment is in its best interest.

- FPC reserves the right to modify or withdraw this RFP, to reject any or all bids, and to terminate any subsequent discussions at any time prior to contract award. FPC also reserves the right to accept one or more bids for a portion of or all of the quantities of

No. 2 oil it may require as a result of this RFP.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name

Seller's Address

Seller's Representative_____Phone #

Location(s):

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
_____	_____	
_____	_____	

III. **Proposal**

ATTACHMENT 2A
No .2 OIL PRICING AND QUALITY

No. 2 OIL PRICING

FLORIDA POWER CORPORATION PROCUREMENT SPECIFICATIONS #2 FUEL OIL[1]		
METHOD		ASTM TEST
Flash Point Minimum	140° F or legal	D-93
Pour Point Maximum	20° F	D-97
Water & Sediment % Volume Maximum	0.05%	D-96/D1796
Carbon Residue on 10% Bottoms Max.	0.25%	D-189/D-4530
Distillation Points 90% Min. Max.	540° F 650° F	D-86
Viscosity @ 100° F Min. CS Max.	2.0 3.6	D-445
Ash Weight % Maximum	0.01	D-482
Gravity Minimum API	30	D-287/D-1298
Sulfur Weight % Maximum[2]	0.5	D-1552/
Vanadium Maximum PPM	1.5	D-3605
Sodium + Potassium PPM Maximum	2	D-3605
Calcium PPM Maximum	4	D-3605
Lead PPM Maximum	1	D-3605
BTU/Gallon Minimum[3]	137,000	D-240
DuPont Stability Maximum	5 maximum	N/A
Oxidation Stability mg/100 ml Max.	2.5	D-2274

2 BTU/Gallon minimum is based on Higher Heating Value (HHV).

Lower Heating Values (LHV) ASTM Test Method D-240 and nitrogen ASTM Test Method D-4629 shall be reported for Debary and Intercession City deliveries. There is no minimum or maximum guarantee for these two (2) sites.

Attachment 2B
PLANT LOCATIONS/DELIVERY POINTS

ANCLOTE POWER PLANT **1729 Bailey's Bluff Road** **Holiday, FL 34691**	#2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). The plant is located near Tarpon Springs, Florida. Normal delivery size is 7,500 gallons. 20,843 bbls in 2000, 7,452 bbls in 2001 & 7,091 bbls in 2002
AVON PARK PLANT **1415 S. Islands Avenue** **Avon Park, FL 33825**	#2 Fuel Oil 0.5% max. sulfur is received by truck(with pump). Normal delivery size is 7,500 gallons. 25,195 bbls in 2000,13,522 bbls in 2001 & 17,993 bbls in 2002
P. L. BARTOW PLANT **Weedon Island Drive** **St. Petersburg, FL 33702**	Located in northeast St. Petersburg, Florida. The plant receives 0.5% max. sulfur #2 Fuel Oil, and #6 Fuel Oil by barge. Currently #6 oil is received into the South berth and #6 and #2 oil into the North berth. North / South Max. vessel length 675' / 675' Max. vessel beam 90' / 90' Bow to manifold max. distance **200'** / **325'** Delivery size usually ranges from 50,000 to 120,000 bbls for #6 oil and approx. 10,000 bbls for #2. Consult Tampa Bay Pilots for vessel restrictions. Current Draft limitation is about 30'6". 85,382 bbls in 2000, 64,331 bbls in 2001 & 89,867 bbls in 2002
BAYBORO PLANT **1300 Third Street South** **St. Petersburg, FL 33701**	Located near the Port of St. Petersburg. #2 Fuel Oil, 0.5% max. sulfur is received by barge. Delivery size is usually between 9,000 to 10,500 bbls. Draft limitation is 9 feet. Max vessel length is 208 feet. Max. vessel beam is 50 feet. Max. bow to manifold length is 72 feet. Max. manifold height is 12 feet. 292,543 bbls in 2000, 285,763 bbls in 2001 & 181,414 bbls in 2002
CRYSTAL RIVER COAL PLANTS **Powerline Road** **Crystal River, FL 34428**	Located approximately 5 miles north of Crystal River, Florida, off US 19; #2 Fuel Oil, 0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. 145,640 bbls in 2000, 111,606 bbls in 2001 & 98,477 bbls in 2002
DEBARY PLANT **176 West Highbanks Road** **Debary, FL 32713**	Located east of Debary, Florida, off Highbanks Road. #2 Fuel Oil is received by truck. Plant must maintain 0.3% max. sulfur tank reading. Usually delivery size is 7,500 gallons. 641,082 bbls in 2000, 402,695 bbls in 2001 & 464,415 bbls in 2002
HIGGINS PLANT	Located on Booth Point at Oldsmar, Florida (Tampa Bay). #2 Fuel Oil

East Shore Drive Oldsmar, FL 34677	0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. Converted to #2 oil in 2003 no current history
INTERCESSION CITY PLANT 6525 Osceola-Polk Line Road Intercession City, FL 33848	Intercession City Plant is located near Kissimmee, Florida. This plan receives both 0.05 and 0.5% sulfur #2 Fuel Oil. Plant must maintain a 0.2% max. sulfur tank reading. Deliveries are received via the Centra Florida Pipeline (normal delivery size is 15-45,000 BBLS) and by truck (normal delivery size is 7,500 gallons). 432,172 bbls in 2000, 370,638 bbls in 2001 & 453,128 bbls in 2002
RIO PINAR PLANT 103 So. Econlockhatchee Trail Orlando, FL	Located on the corner of Lake Underhill and Econlockhatchee Trai (nearest town is Union Park). #2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). Normal delivery is 7,500 gallons. 8,812 bbls in 2000, 7,116 bbls in 2001 & 9,897 bbls in 2002
SUWANNEE PLANT Route 8, Box 286 Live Oak, FL 32060	Located at Ellaville, Florida off US 90, near Live Oak. #2 Fuel Oil, 0.5% max. sulfur and #6 Fuel Oil are received. All #2 Fuel Oil is received by truck with a usual delivery size of 7,500 gallons. 78,373 bbls in 2000, 83,864 bbls in 2001 & 90,113 bbls in 2002
GEORGE T. TURNER PLANT 201 Debary Avenue Deltona, FL 32725	The plant is less than one mile from highway I-4. #2 Fuel Oil, 0.5% max sulfur is received by truck. Normal delivery size is 7,500 gallons. 133,015 bbls in 2000, 78,179 bbls in 2001 & 129,538 bbls in 2002
UNIVERSITY OF FLORIDA COGENERATION PLANT FLORIDA POWER CORPORATION Building 82 Mowery Road Gainesville, FL 32611	Located in Gainesville, Florida on the University of Florida campus Bldg 82. Receives #2 Fuel Oil, 0.05% max. sulfur and kerosene by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n.gas.
HINES ENERGY COMPLEX 7700 County Road 555 Bartow,FL 33830	Located near Bartow and Fort Meade. Recieves Jet Fuel, .05% max. sulfur undyed by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n. gas.

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments _____ through _ which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until _____ (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without

consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at _____this _____day , 20_____.

Attachments

Bidder _____

By _____
(Signature)

_____
(Typed or Printed)

Title _____

Business Address of Bidder _____

_____

_____

_____

Address of Principal Office _____

_____

_____

_____

Name and Address of Bidder's
Parent Company (If Applicable) _____

ATTACHMENT 4

UNABLE TO SUBMIT A BID
FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

If your firm cannot submit a bid at this time, please provide the information requested below and return to:

Progress Energy Florida
411 Fayetteville Street
P.O. Box 1551, PEB 10
Attn: Dale Williams
Raleigh, NC 27602

Dear Mr. Williams:

We have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of bid of September 17, 2003.

We wish to remain active on your Bidder's List.

We are unable to submit a bid at this time due to the following reason(s):

Company Name

Contact Name

Contact Title

Address

City, State, Zip Code

Telephone Number

NOTE: If submitting a "**NO BID,**" **DO NOT RETURN THE BID PACKAGE.** Return this form only.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name [redacted]

Seller's Address [redacted]

Seller's Representative [redacted] Phone # [redacted]

Location(s): [redacted]

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
_____	_____	
_____	_____	

III. **Proposal**

See Attachments 2A and 2B

ATTACHMENT 2A (2 Pages)
No. 2 OIL PRICING AND QUALITY

No. 2 OIL PRICING

Proposal to supply Fuel Oil #2 , 0.5% maximum sulfur to FPC Bartow and Bayboro Terminals beginning January 1, 2004 through December 31, 2004. We would like to offer these two barge delivery locations as a package deal. We would need to be awarded the contract for both locations to make it cost effective.

Delivery Locations:	Bartow Plant, Weedon Island, St. Petersburg , FL Bayboro Plant, Port of St. Petersburg, FL
Mode of Transportation:	Double Hull Barge
Quality:	Based on FPC Procurement Specifications for Fuel Oil #2
Quantity:	Approximately 10,000 – 11,000 barrels based on discharge location
Delivery Laytime:	[redacted] free time. Discharge Rate: [redacted]
Demurrage:	[redacted] per hour
Payment Terms:	[redacted] from date of delivery

Calculation of Product Price:

Base Price

The selling Base Price shall be based on [redacted]. The Selling Base Price of Product for current week deliveries shall be the [redacted] In the event no posting is published, the simple mean average of the posting for that week will be used to determine the price. Saturdays will be considered the previous week and Sundays will be considered the following week.

Adder

The Adder will be the amount added to the Selling Base Price which will cover the freight costs and Seller's handling costs. The adder for each location would be as follows:

Bartow Terminal [redacted]

Bayboro Terminal [redacted]

Selling Price

The Selling Price would be Base Price, Adder and Florida Pollutant's Tax added together. The current rate for Florida Pollutant's Tax is $.02071 per gallon and is subject to change.

2A Attachment Offer (2 Pages)

Offered by: [redacted]

ATTACHMENT 2B (2 Pages)

No. 2 OIL PRICING

Proposal to supply Fuel Oil #2, 0.5% maximum sulfur to FPC various locations via tanker truck delivery beginning January 1, 2004 through December 31, 2004.

Mode of Transportation:	Tanker Trucks
Quality:	Based on FPC Procurement Specifications for Fuel Oil #2
Quantity:	Approximately 7,500 gross gallons
Delivery Laytime:	[redacted] for each Tanker Truck Load
Demurrage:	[redacted]
Payment Terms:	[redacted] days from date of delivery

Calculation of Product Price:

Base Price

The selling Base Price shall be based on [redacted]. The Selling Base Price of Product for current week deliveries shall be the [redacted]. In the event no posting is [redacted] will be used to determine the price. Saturdays will be considered the previous week and Sundays will be considered the following week.

Adder

The adder will be the amount added to the Selling Base Price which will cover the freight costs and Seller's handling costs. The adder for each location would be as follows:

Anclote Power Plant	[redacted]
Avon Park Plant	[redacted]

Crystal River Coal Plants	[redacted]	
Higgins Plant	[redacted]	
Intercession City Plant	[redacted]	(0.5% sulfur only)
Rio Pinar Plant	[redacted]	
Suwannee Plant	[redacted]	
George T. Turner Plant	[redacted]	
University of Florida Cogeneration Plant	[redacted]	

Selling Price

The Selling Price would be Base Price, Adder and Florida Pollutant's Tax added together. The current rate for Florida Pollutant's Tax is $.02071 per gallon and is subject to change.

2B Attachment Offer (2 Pages)

Offered by: [redacted]

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments 1 through 3 which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until October 31, 2003 (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the

bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at Noon this 11th day of September , 2003.

Attachments 1-3

Bidder [redacted]

By [redacted]

Title [redacted]

Business Address of Bidder [redacted]

Address of Principal Office [redacted]

Name and Address of Bidder's Parent Company (If Applicable) [redacted]

Williams, Dale D.

From: [redacted]
Sent: Tuesday, September 30, 2003 2:56 PM
To: dale.williams@pgnmail.com
Cc: [redacted]
Subject: FW: FPC #2 Fuel Oil Annual System Requirements Bid Response.


Pricing for 2004 Bid.xls


2004 Bid Response.doc


FP Freight Rates Bid 2004.xls

Dale,

I have made the appropriate changes for our rebid on the attachments. In order for [redacted] to regain the existing contract to supply all current Florida Power locations, I have lowered the original freight rates by 10 points per gallon (except CFL pipeline tariff) and reduced all Platt's product adders by 15 points per gallon. Let me know if you have any questions.

-----Original Message-----
[redacted]
Sent: Wednesday, September 17, 2003 2:56 PM
To: 'Williams, Dale D.'
Subject: FPC #2 Fuel Oil Annual System Requirements Bid Response.

ATTACHMENT 1
ANNUAL SYSTEM RERQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name: [redacted]

Seller's Address: [redacted]

Seller's Representative: [redacted]

Location(s):

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
Carolina Power and Light	9,529,047	2002
Florida Power	54,064,167	2002

III. **Proposal:**

[redacted]

Through a clear understanding build on our prior experience, [redacted] can bring resources to Florida Power to work on special projects. to enable Florida Power to obtain delivery of product when desired at the lowest possible cost in a timely fashion(Current project - unattended deliveries at Debary).

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

Quality

Our product quality will be the same as it has been for the past several years, it has not changed. However, upon a through review of your specifications by our technical department, I discovered that there are several areas where [redacted] nor anyone else that we are aware of, in good faith, would be able to guarantee to meet your specifications 100% of the time. Those areas are:

Carbon Residue on 10% Bottoms Max is .35% not .25

Viscosity @ 100F Min CS is 1.9, not 2.0

Dupont Stability maximum: 7 maximum, not 6

Additionally, we, nor anyone else that we are aware of, is able to guarantee maximum levels of:

Vanadium
Sodium + Potassium
Calcium
Lead

All other specifications we will meet and guarantee.

ATTACHMENT 3
ANNUAL SYSTME REQUIREMENTS
PROPOSAL LETTER

Date: September 17, 2003

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this product and provide the services set forth in this RFP.

The undersigned hereby declares that the submitted list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding/has forwarded Attachments 1,2,3 **(please list all attachments included in your bid package)** which are incorporated and made a part of this bid.

This bid includes all taxes and fees, which might be lawfully assessed against the Bidder of the No. 2 oil on the date of this Proposal.

This bid and all attachments thereto shall be valid until October 31, 2003 (at least October 31, 2003) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding

upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at 1 .pm cst this 17th day of September, 2003.

[redacted]

Bidder: [redacted]

By [redacted]

Title: [redacted]

Business Address of Bidder [redacted]

Address of Principal Office Same

Name and Address of Bidder's Parent Company (If Applicable) Same

[redacted] Exhibit A Revised [redacted]

Quantity and Pricing Schedule

Buyer:	Florida Power
Contact:	Dale Williams

Seller:	
Contact:	
Phone:	
Fax:	

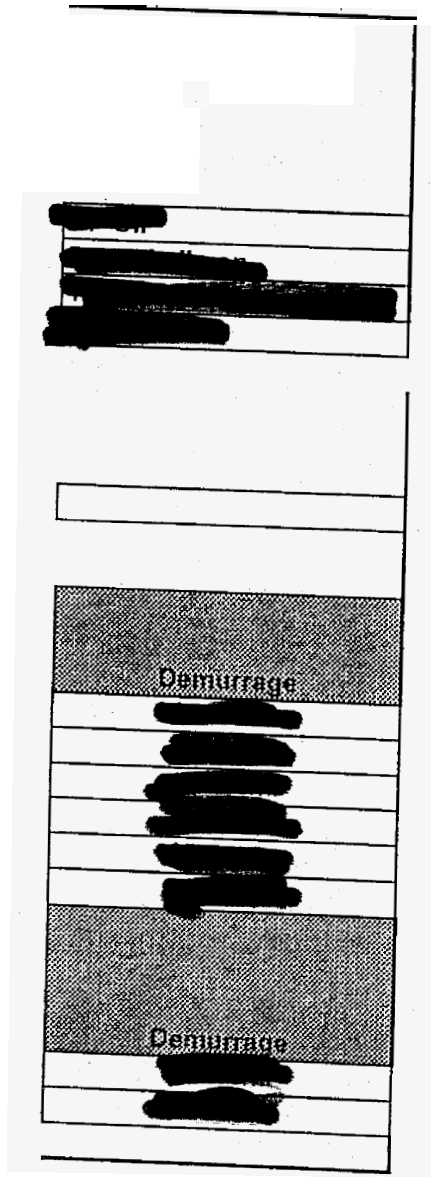
Effective Date:	Jan 1 2004
Time Period:	1 Year
TotalVolume (gals):	55,000,000

(All volumes are assumed to be delivered RATABLE over the life of the contract unless otherwise specified and agreed by both parties)

Per month / Total

Rack Options Products	Annual Volume	Terminal	CITY	Prior Year Adders 2001	2002	2003	Proposed New Adders	Fixed Freight Rate
LS# 2 / Dyed	[redacted]							
LS# 2 / Dyed								
HS# 2 / Dyed								
LS# 2 / Dyed								
HS# 2 / Dyed								
HS# 2 / Dyed								

Pipeline Options Products	Annual Volume	Terminal	CITY	Current Bid Increment Adders	Proposed New Bid Increment Adders			Fixed Freight Rate
LS# 2 / Dyed	[redacted]							
HS# 2 / Dyed								



09/30/2003

2002 Florida Power Freight Rates CPG

SAP ship to #	Location	Address	City	Zip Code	Terminal	PTO Required	Current Contract 2003 DSL - T & D Rate	Acutal (9/03) DAO As of 9/8/03	Percent Change
[redacted]	Crystal River # 4	Powerline Road	Crystal River	34428	Tampa		[redacted]	[redacted]	0.00
[redacted]	Crystal River # 1&2	Powerline Road	Crystal River	34429	Tampa		[redacted]	[redacted]	0.00
[redacted]	Crystal River #5	Powerline Road	Crystal River	34430	Tampa		[redacted]	[redacted]	0.00
[redacted]	Anclote Plant, Holiday, Fl	1729 Bailey's Bluff Rd.	Holiday	34691	Tampa	X	[redacted]	[redacted]	0.00
[redacted]	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Jacksonville		[redacted]	[redacted]	0.00
[redacted]	Intercession City, Fl	6525 Osceola-Polk Line Rd.	Intercession City	33848	Tampa		[redacted]	[redacted]	0.00
[redacted]	Intercession City, Fl	6526 Osceola-Polk Line Rd.	Intercession City	33849	Orlando		[redacted]	[redacted]	0.00
[redacted]	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Jacksonville		[redacted]	[redacted]	0.00
[redacted]	Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Jacksonville		[redacted]	[redacted]	0.00
[redacted]	Higgins Plant, Oldsmar, Fl	East Shire Drive	Oldsmar	34677	Tampa	X	[redacted]	[redacted]	0.00
[redacted]	Avon Park, Fl	14158 S. Islands Avenue	Avon Park	33825	Tampa	X	[redacted]	[redacted]	0.00
[redacted]	Gainesville, Fl	Mowry Rd. Building 82	Gainesville	32611	Jacksonville		[redacted]	[redacted]	0.00
[redacted]	Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Tampa	X	[redacted]	[redacted]	0.00
[redacted]	Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Orlando	X	[redacted]	[redacted]	0.00
[redacted]	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Tampa		[redacted]	[redacted]	0.00
[redacted]	Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Bainbridge		[redacted]	[redacted]	0.09
[redacted]	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Tampa		[redacted]	[redacted]	0.00
[redacted]	Hines Plant, Bartow, Fl	7700 County Road 555 S.	Bartow	33830	Tampa	X	[redacted]	[redacted]	0.00
[redacted]	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Orlando		[redacted]	[redacted]	0.00
[redacted]	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Orlando		[redacted]	[redacted]	0.00
[redacted]	Intercession City, Fl (pipeline)	6525 Osceola-Polk Line Rd.	Intercession City	33848	Pipeline		[redacted]	[redacted]	0.10

[redacted]

Exhibit A Revised

[redacted]

Quantity and Pricing Schedule

Buyer:	Florida Power
Contact:	Dale Williams

Seller:	
Contact:	
Phone:	
Fax:	

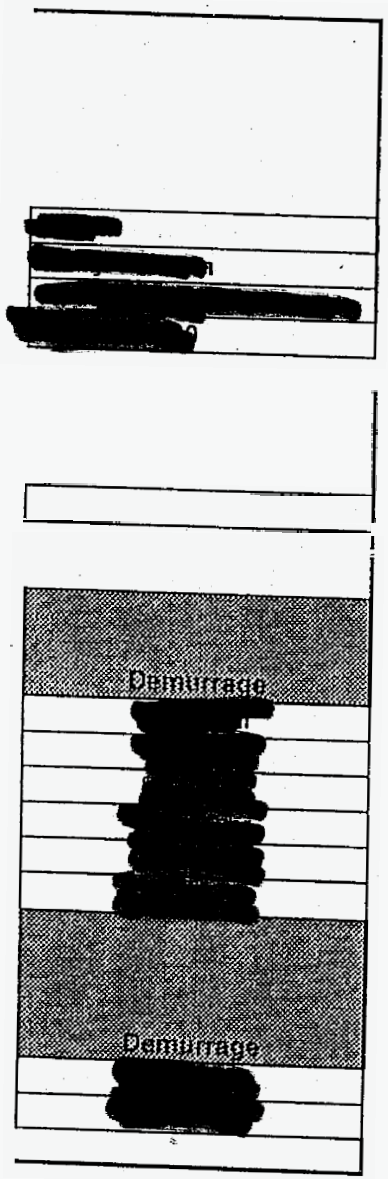
Effective Date:	Jan 1 2004
Time Period:	1 Year
TotalVolume (gals):	[redacted]

Per month / Total

(All volumes are assumed to be delivered RATABLE over the life of the contract unless otherwise specified and agreed by both parties)

Rack Options Products	Annual Volume	Terminal	CITY	Prior Year Adders 2001	2002	2003	Proposed New Adders	Fixed Freight Rate
LS# 2 / Dyed	[redacted]							
LS# 2 / Dyed								
HS# 2 / Dyed								
LS# 2 / Dyed								
HS# 2 / Dyed								
HS# 2 / Dyed								

Pipeline Options Products	Annual Volume	Terminal	CITY	Current Bid Increment Adders	Proposed New Bid Increment Adders			Fixed Freight Rate
LS# 2 / Dyed	[redacted]							
HS# 2 / Dyed								



09/17/2003

ATTACHMENT 1
ANNUAL SYSTEM RERQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name: [redacted]

Seller's Address: [redacted]

Seller's Representative: [redacted]

Location(s):

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
Carolina Power and Light	9,529,047	2002
Florida Power	54,064,167	2002

III. **Proposal:**

[redacted]

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ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

Quality

Our product quality will be the same as it has been for the past several years, it has not changed. However, upon a through review of your specifications by our technical department, I discovered that there are several areas where [redacted] nor anyone else that we are aware of, in good faith, would be able to guarantee to meet your specifications 100% of the time. Those areas are:

Carbon Residue on 10% Bottoms Max is .35% not .25

Viscosity @ 100F Min CS is 1.9, not 2.0

Dupont Stability maximum: 7 maximum, not 6

Additionally, we, nor anyone else that we are aware of, is able to guarantee maximum levels of:

Vanadium
Sodium + Potassium
Calcium
Lead

All other specifications we will meet and guarantee.

ATTACHMENT 3
ANNUAL SYSTME REQUIREMENTS
PROPOSAL LETTER

Date: September 17, 2003

Dear Mr. Williams:

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The undersigned hereby declares that the submitted list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding/has forwarded Attachments 1,2,3 **(please list all attachments included in your bid package)** which are incorporated and made a part of this bid.

This bid includes all taxes and fees, which might be lawfully assessed against the Bidder of the No. 2 oil on the date of this Proposal.

This bid and all attachments thereto shall be valid until October 31, 2003 (at least October 31, 2003) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding

upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at 1 .pm cst this 17th day of September, 2003.

[redacted]

Bidder: [redacted]

By [redacted]

Title: [redacted]

Business Address of Bidder [redacted]

Address of Principal Office Same

Name and Address of Bidder's Parent Company (If Applicable) Same

2002 Florida Power Freight Rates CPG

SAP ship to #	Location	Address	City	Zip Code	Terminal	PTO Required	Current Contract 2003 DSL - T & D Rate	Acutal (9/03) DAO As of 9/8/03	Percent Change
[redacted]	Crystal River # 4	Powerline Road	Crystal River	34428	Tampa		[redacted]	[redacted]	0.00
	Crystal River # 1&2	Powerline Road	Crystal River	34429	Tampa				0.00
	Crystal River #5	Powerline Road	Crystal River	34430	Tampa				0.00
	Anclote Plant, Holiday, Fl	1729 Bailey's Bluff Rd.	Holiday	34691	Tampa	X			0.00
	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Jacksonville				0.00
	Intercession City, Fl	6525 Osceola-Polk Line Rd.	Intercession City	33848	Tampa				0.00
	Intercession City, Fl	6526 Osceola-Polk Line Rd.	Intercession City	33849	Orlando				0.00
	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Jacksonville				0.00
	Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Jacksonville				0.00
	Higgins Plant, Oldsmar, Fl	East Shire Drive	Oldsmar	34677	Tampa	X			0.00
	Avon Park, Fl	14158 S. Islands Avenue	Avon Park	33825	Tampa	X			0.00
	Gainesville, Fl	Mowry Rd. Building 82	Gainesville	32611	Jacksonville				0.00
	Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Tampa	X			0.00
	Rio Pinar Plant, Orlando, Fl	103 S. Econlockhatchee Trail	Orlando	32806	Orlando	X			0.00
	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Tampa				0.00
	Suwannee Plant, Live Oak, Fl	Route 8, Box 286	Live Oak	32060	Bainbridge				0.11
	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Tampa				0.00
	Hines Plant, Bartow, Fl	7700 County Road 555 S.	Bartow	33830	Tampa	X			0.00
	Turner Plant, Deltona, Fl	201 Debary Rd.	Debary	32725	Orlando				0.00
	Debary, Fl	176 West Highbanks Rd.	Debary	32713	Orlando				0.00
	Intercession City, Fl (pipeline)	6525 Osceola-Polk Line Rd.	Intercession City	33848	Pipeline				0.10

09/18/2003

September 17, 2003

Dear Prospective Bidder:

REQUEST FOR PROPOSAL FOR NO. 2 OIL SUPPLY ANNUAL SYSTEM REQUIREMENTS

Bid Deadline: September 17, 2003
5:00 pm EDT

Florida Power Corporation dba Progress Energy Florida (FPC) hereby solicits the following Request for Proposals (RFP) for the purchase of No. 2 oil.. Bidder may propose No. 2 oil in the specified quality and quantity with deliveries scheduled to begin January 1, 2004. Bidder may also include multiple proposals or proposals for a portion of FPC's requirements if desired.

All proposals will generally be evaluated in accordance with the following items:

A. **Proposals are due no later than 5:00 p.m. Eastern Time, September 17, 2003.** Bidders must complete the appropriate attachments in order for their offer to be considered by FPC. **Proposals must be returned to the following e-mail address: dale.williams@pgnmail.com. Please put the following in the subject line of your bid response "FPC #2 fuel oil Annual System Requirements Bid Response."** Bid packages e-mailed to any other e-mail address will be not be considered. **If you do not have access to e-mail, please mail your response via U.S. mail to the following address: Progress Energy, Attn: Dale Williams PEB10, 410 South Wilmington Street, P.O. Box 1551, Raleigh, NC, 27602. Please mark any mailed responses "FPC#2 fuel oil Annual System Requirements Bid Response."** Proposals must remain open until October 31, 2003 to permit comprehensive evaluation and may not be withdrawn for any reason during this period. **Late proposals will not be considered.** FPC's acceptance may be communicated by phone, followed by a written acceptance subject to management approval and negotiation of a mutually acceptable contract.

B. Price fixing method to be included in bid.

C. Approximate quantity and delivery locations to be specified.

D. Proposals will be evaluated on the basis of, including, but not limited to, delivered evaluated cost, payment terms, operating costs and handling impacts(if any), Bidder's capability and flexibility in meeting FPC's delivery requirements and meeting other preferences and requirements, logistical arrangements, etc.

The attachments to this letter contain guidelines and information, which Bidders must incorporate in their response as appropriate to their capabilities. Bidders must fully complete Attachment 1,2A-2L, and 3 as applicable in order to be considered by FPC.

FPC reserves the right to waive informal technicalities or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals that in FPC's sole judgment are in the best interest of FPC. No report of the bids will be made by FPC.

If you choose not to submit a proposal and would like to remain on the Bidder's list for term proposals, please complete the attached Attachment 4 and return it on or before the bid due date.

Sincerely,

Dale Williams
Regulated Commercial Operations
Florida Power Corporation

Attachments

Florida Power Corporation
REQUEST FOR PROPOSAL
NO. 2 OIL SUPPLY REQUIREMENTS GUIDELINES

Scope of Request for Proposal:

➢ FPC is soliciting bid proposals for No. 2 fuel oil and the transportation of this product for use at its facilities throughout Florida.

Term:

➢ The minimum term of this bid shall be from January 1, 2004- December 31, 2004.

Bid Submission:

➢ All bid proposals shall be received no later than 5:00 p.m. (EST) September 17, 2003. **Bids received after the deadline will not be accepted.**

➢ If e-mailed, bid responses should be sent to the following address:
dale.williams@pgnmail.com

Please put the following in the subject line of your e-mailed bid response:
"FPC #2 fuel oil Annual System Requirements Bid Response"

➢ If mailed via U.S. Postal Service, bid responses should be addressed as follows:
Progress Energy
411 Fayetteville Street
P.O. Box 1551 (PEB 10)
Attn: Dale Williams
Raleigh, North Carolina 27602

➢ Each Bidder must submit via USPS mail at least one copy of Attachments 1, 2A-2L and 3 as applicable (please do not mail the entire bid package along with the attachments!) with an authorized signature, full business address and other relevant information. No bids will be awarded without at least one mailed copy with original signatures of Attachments 1, 2A-2L, and 3 as applicable. These attachments must be submitted via USPS mail regardless of the method of bid submission utilized (e-mail or U.S. Postal Service). This mailed copy of the bid proposal acknowledges that the information contained in the bid submitted by you and your company is correct, factual, and is fully authorized by the appropriate person(s). **In addition, it is retained for internal auditing purpose.** Bid proposals should be signed in the official name of the corporation, followed by an authorized signature. The names of all persons signing should also be typed or printed below the signature. If Bidder does not own or control the No. 2 oil offered, Bidder must attach a letter from the oil supplier, signed by a duly authorized officer, stating that the Bidder has the exclusive right to offer this oil.

- FPC will retain in confidence all bids and other information received pursuant to this **RFP** to the extent allowed by law. FPC reserves the right to disclose such information, bids or draft contracts to consultants it may retain to assist in the RFP evaluation and contract effort, or when so requested by a court or governmental agency.

- Bidder shall be responsible for the completeness and accuracy of all the information contained or used in preparation of the bid, and for supplying all necessary supporting information.

- Bids should be complete, clear, and specific. To allow sufficient evaluation time, each bid, and any quoted prices, should be valid through October 31, 2003, and may not be conditioned upon "subject to prior sale." Bids selected for further evaluation should remain valid through the final negotiation process.

- The following attachments include provisions for bids to be completed with information regarding specifications, and other pertinent contractual, administrative and operational data. A cover letter is also included which, when signed by the Bidder and forwarded to FPC along with the below listed attachments, will constitute Bidder's proposal. It is, therefore, important that Bidder sign the letter and the attachments as hereafter provided.

PLEASE SUBMIT THE FOLLOWING; AS APPLICABLE:

- **Attachment 1** - NO. 2 OIL SELLER'S INFORMATION - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 2A-2L** - NO. 2 OIL PRICING AND QUALITY - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 3** - LETTER ENCLOSING PROPOSAL – Complete and return via e-mail along with one authorized and signed original via USPS mail.

- **Attachment 4** - NO BID LETTER - If there is no bid, please complete, sign and return the NO BID LETTER ONLY via e-mail along with one signed original via USPS mail.

Quality:

All supplies are for power generation and unless otherwise specified should be dyed red for off road use. Most locations require 0.5% Sulfur maximum. Deviations from this are noted in the attached specifications.

Pricing:

- Prices should be bid as follows:

  1) FPC price at the shipping point in cents per net gallon with the shipping point (terminal or terminals) specified and index(s) to be used;

  2) Transportation charges in cents per net gallon from shipping point to the applicable location.

Transportation:

- The Seller of the fuel oil must arrange transportation for No. 2 oil deliveries. Delivery of No. 2 oil will be by barge, pipeline or truck depending on delivery location.

Payment:

- Bidder should specify the terms for payment for No. 2 oil and transportation charges incurred delivering No. 2 fuel oil. FPC's normal payment terms are 15 days from receipt of invoice and supporting documentation. FPC may elect to pay for deliveries based on Bill of Lading for truck delivery locations. Discounts for prompt payment will be considered and evaluated. Payment for both fuel oil and transportation will be based on net gallons @ 60 degrees Fahrenheit.

Evaluation and Award:

- All bids meeting the requirement of this RFP will be reviewed and evaluated by FPC. FPC reserves the right to utilize outside consulting assistance in its evaluation.

- All bids will be evaluated based on the proposal submitted and the lowest evaluated delivered cost per gallon to the various FPC sites detailed in this RFP.

- FPC reserves the right to waive technicalities or irregularities; to reject any or all bids; and/or to accept any bid which in FPC's sole judgment is in its best interest.

- FPC reserves the right to modify or withdraw this RFP, to reject any or all bids, and to terminate any subsequent discussions at any time prior to contract award. FPC also reserves the right to accept one or more bids for a portion of or all of the quantities of No. 2 oil it may require as a result of this RFP.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name [redacted]

Seller's Address [redacted]

Seller's Representative [redacted]

Location(s): [redacted]

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
Progress Energy	[redacted]	10/02-8/03
Gainesville Regional Utility	[redacted]	10/02-8/03

III. **Proposal**

Location: Suwannee Plant

Estimated Quantity: [redacted]

Term: January 1, 2004 – December 31, 2004

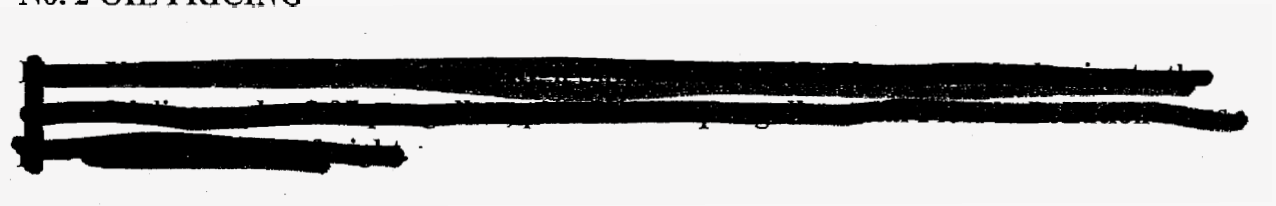
Payment terms: [redacted] from receipt of invoice

Quality: per "Florida Power Corporation Procurement Specifications - #2 Fuel Oil", with the exception of DuPont Stability Maximum of 7.

Bid validity: through October 31,2003

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

No. 2 OIL PRICING



FLORIDA POWER CORPORATION PROCUREMENT SPECIFICATIONS #2 FUEL OIL [1]		
METHOD		ASTM TEST
Flash Point Minimum	140° F or legal	D-93
Pour Point Maximum	20° F	D-97
Water & Sediment % Volume Maximum	0.05%	D-96/D1796
Carbon Residue on 10% Bottoms Max.	0.25%	D-189/D-4530
Distillation Points 90% Min. Max.	540° F 650° F	D-66
Viscosity @ 100° F Min. CS Max.	2.0 3.6	D-445
Ash Weight % Maximum	0.01	D-482
Gravity Minimum API	30	D-287/D-1298
Sulfur Weight % Maximum[2]	0.5	D-1552/
Vanadium Maximum PPM	1.5	D-3605
Sodium + Potassium PPM Maximum	2	D-3605
Calcium PPM Maximum	4	D-3605
Lead PPM Maximum	1	D-3605
BTU/Gallon Minimum[3]	137,000	D-240
DuPont Stability Maximum	5 maximum	N/A
Oxidation Stability mg/100 ml Max.	2.5	D-2274

2 BTU/Gallon minimum is based on Higher Heating Value (HHV).

Lower Heating Values (LHV) ASTM Test Method D-240 and nitrogen ASTM Test Method D-4629 shall be reported for Debary and Intercession City deliveries. There is no minimum or maximum guarantee for these two (2) sites.

Attachment 2B
PLANT LOCATIONS/DELIVERY POINTS

ANCLOTE POWER PLANT **1729 Bailey's Bluff Road** **Holiday, FL 34691**	#2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). The plant is located near Tarpon Springs, Florida. Normal delivery size is 7,500 gallons. 20,843 bbls in 2000, 7,452 bbls in 2001 & 7,091 bbls in 2002
AVON PARK PLANT **1415 S. Islands Avenue** **Avon Park, FL 33825**	#2 Fuel Oil 0.5% max. sulfur is received by truck(with pump). Normal delivery size is 7,500 gallons. 25,195 bbls in 2000,13,522 bbls in 2001 & 17,993 bbls in 2002
P. L. BARTOW PLANT **Weedon Island Drive** **St. Petersburg, FL 33702**	Located in northeast St. Petersburg, Florida. The plant receives 0.5% max. sulfur #2 Fuel Oil, and #6 Fuel Oil by barge. Currently #6 oil is received into the South berth and #6 and #2 oil into the North berth. North / South Max. vessel length 675' / 675' Max. vessel beam 90' / 90' Bow to manifold max. distance 200' / 325' Delivery size usually ranges from 50,000 to 120,000 bbls for #6 oil and approx. 10,000 bbls for #2. Consult Tampa Bay Pilots for vessel restrictions. Current Draft limitation is about 30'6". 85,382 bbls in 2000, 64,331 bbls in 2001 & 89,867 bbls in 2002
BAYBORO PLANT **1300 Third Street South** **St. Petersburg, FL 33701**	Located near the Port of St. Petersburg. #2 Fuel Oil, 0.5% max. sulfur is received by barge. Delivery size is usually between 9,000 to 10,500 bbls. Draft limitation is 9 feet. Max vessel length is 208 feet. Max. vessel beam is 50 feet. Max. bow to manifold length is 72 feet. Max. manifold height is 12 feet. 292,543 bbls in 2000, 285,763 bbls in 2001 & 181,414 bbls in 2002
CRYSTAL RIVER COAL PLANTS **Powerline Road** **Crystal River, FL 34428**	Located approximately 5 miles north of Crystal River, Florida, off US 19; #2 Fuel Oil, 0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. 145,640 bbls in 2000, 111,606 bbls in 2001 & 98,477 bbls in 2002
DEBARY PLANT **176 West Highbanks Road** **Debary, FL 32713**	Located east of Debary, Florida, off Highbanks Road. #2 Fuel Oil is received by truck. Plant must maintain 0.3% max. sulfur tank reading. Usually delivery size is 7,500 gallons. 641,082 bbls in 2000, 402,695 bbls in 2001 & 464,415 bbls in 2002
HIGGINS PLANT	Located on Booth Point at Oldsmar, Florida (Tampa Bay). #2 Fuel Oil

East Shore Drive Oldsmar, FL 34677	0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. Converted to #2 oil in 2003 no current history
INTERCESSION CITY PLANT 6525 Osceola-Polk Line Road Intercession City, FL 33848	Intercession City Plant is located near Kissimmee, Florida. This plan receives both 0.05 and 0.5% sulfur #2 Fuel Oil. Plant must maintain a 0.2% max. sulfur tank reading. Deliveries are received via the Centra Florida Pipeline (normal delivery size is 15-45,000 BBLS) and by truck (normal delivery size is 7,500 gallons). 432,172 bbls in 2000, 370,638 bbls in 2001 & 453,128 bbls in 2002
RIO PINAR PLANT 103 So. Econlockhatchee Trail Orlando, FL	Located on the corner of Lake Underhill and Econlockhatchee Trai (nearest town is Union Park). #2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). Normal delivery is 7,500 gallons. 8,812 bbls in 2000, 7,116 bbls in 2001 & 9,897 bbls in 2002
SUWANNEE PLANT Route 8, Box 286 Live Oak, FL 32060	Located at Ellaville, Florida off US 90, near Live Oak. #2 Fuel Oil, 0.5% max. sulfur and #6 Fuel Oil are received. All #2 Fuel Oil is received by truck with a usual delivery size of 7,500 gallons. 78,373 bbls in 2000, 83,864 bbls in 2001 & 90,113 bbls in 2002
GEORGE T. TURNER PLANT 201 Debary Avenue Deltona, FL 32725	The plant is less than one mile from highway I-4. #2 Fuel Oil, 0.5% max sulfur is received by truck. Normal delivery size is 7,500 gallons. 133,015 bbls in 2000, 78,179 bbls in 2001 & 129,538 bbls in 2002
UNIVERSITY OF FLORIDA COGENERATION PLANT FLORIDA POWER CORPORATION Building 82 Mowery Road Gainesville, FL 32611	Located in Gainesville, Florida on the University of Florida campus Bldg 82. Receives #2 Fuel Oil, 0.05% max. sulfur and kerosene by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n.gas.
HINES ENERGY COMPLEX 7700 County Road 555 Bartow,FL 33830	Located near Bartow and Fort Meade. Recieves Jet Fuel, .05% max. sulfur undyed by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n. gas.

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

September 17,2003

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments 1 through 3 which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until October 31,2003 (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at Jacksonville,FL this 17th day of September, 2003.

Attachments

Bidder _____

By _____
(Signature)

_____
[redacted]

Title [redacted]

Business Address of Bidder
[redacted]

Address of Principal Office
[redacted]

Name and Address of Bidder's
Parent Company (If Applicable)
[redacted]

ATTACHMENT 4

UNABLE TO SUBMIT A BID
FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

If your firm cannot submit a bid at this time, please provide the information requested below and return to:

Progress Energy Florida
411 Fayetteville Street
P.O. Box 1551, PEB 10
Attn: Dale Williams
Raleigh, NC 27602

Dear Mr. Williams:

We have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of bid of September 17, 2003.

We wish to remain active on your Bidder's List.

We are unable to submit a bid at this time due to the following reason(s):

Company Name

Contact Name

Contact Title

Address

City, State, Zip Code

Telephone Number

NOTE: If submitting a "**NO BID**," **DO NOT RETURN THE BID PACKAGE.** Return this form only.

Williams, Dale D.

From: [redacted]
Sent: Wednesday, September 17, 2003 3:26 PM
To: Williams, Dale D.
Subject: FPC #2 fuel oil Annual System Requirements Bid Response


Attachment2B.pdf


September 17.doc


ATTACHMENT 2A.doc


ATTACHMENT 1.doc

Dale,
T[redacted] is pleased to present the attached proposal.
If additional information or clarification is required, please contact me at (954)355-4200.
We feel our terminal assets and supply capabilities are strategically positioned to ensure your supply requirements.
Again, thank you for this opportunity and look forward to your response.
A hard cover package is being mailed today also.
---------- Forwarded by [redacted] 02:51 PM ----------
[redacted] 09/17/2003 02:07 PM

To: [redacted]
cc:

Subject: FPC #2 fuel oil Annual System Requirements Bid Response

Confidentiality: The information contained in this electronic mail message and any attachments is intended only for the use of the individual or entity to whom it is addressed and may contain legally privileged, confidential information or work product. If the reader of this message is not the intended recipient, you are hereby notified that any use, dissemination, distribution, or forwarding of this email message is strictly prohibited. If you have received this message in error, please notify me by email reply and delete the original message from your system.

Attachment 2B
PLANT LOCATIONS/DELIVERY POINTS

ANCLOTE POWER PLANT 1729 Bailey's Bluff Road Holiday, FL 34691	#2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). The pla is located near Tarpon Springs, Florida. Normal delivery size is 7,5(gallons. 20,843 bbls in 2000, 7,452 bbls in 2001 & 7,091 bbls in 2002
AVON PARK PLANT 1415 S. Islands Avenue Avon Park, FL 33825	#2 Fuel Oil 0.5% max. sulfur is received by truck(with pump). Norm delivery size is 7,500 gallons. 25,155 bbls in 2000,13,522 bbls in 2001 & 17,993 bbls in 2002
P. L. BARTOW PLANT Weedon Island Drive St. Petersburg, FL 33702	Located in northeast St. Petersburg, Florida. The plant receives 0.5 max. sulfur #2 Fuel Oil, and #6 Fuel Oil by barge. Currently #6 oil received into the South berth and #6 and #2 oil into the North berth. North / South Max. vessel length 675' / 675' Max. vessel beam 90' / 90' Bow to manifold max. distance 200' / 325' Delivery size usually ranges from 50,000 to 120,000 bbls for #6 oil an approx. 10,000 bbls or #2. Consult Tampa Bay Pilots for vess restrictions. Current Draft limitation is about 30'6". 85,382 bbls in 2000, 64,331 bbls in 2001 & 89,867 bbls in 2002
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UNIVERSITY OF FLORIDA COGENERATION PLANT FLORIDA POWER CORPORATION Building 82 Mowery Road Gainesville, FL 32611	Located in Gainesville, Florida on the University of Florida campus 82. Receives #2 Fuel Oil, 0.05% max. sulfur and kerosene by tr Normal delivery is 7,500 gallons. No history available, normally runs on n.gas.
HINES ENERGY COMPLEX 7700 County Road 555 Bartow,FL 33830	Located near Bartow and Fort Meade. Recieves Jet Fuel, .05% max. sulfur undyed by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n. gas.

September 17, 2003

Progress Energy
411 Fayetteville Street
P.O. Box 1551 (PEB10)
Attn.: Dale Williams
Raleigh, North Carolina

Subject: FPC # 2 fuel oil Annual System Requirements Bid Response

Dear Mr. Williams:

[redacted], having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation's (FPC) Annual System Requirements, proposes to furnish No. 2 oil and transportation services as set forth in this RFP.

The undersigned hereby declares that the attachments state any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

[redacted] has completed, signed and is forwarding herewith Attachments 1, 2A, 2B and this cover letter as attachment 3, which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until October 31, 2003 and is not conditioned upon "subject to prior sale".

[redacted] hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company or parties likewise submitting a bid; and that the bid is in all respects for and in good faith, without collusion or fraud. TPSI also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

[redacted] also declares that it is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

[redacted]

By _____

[redacted]

Address of Principal Office: [redacted]

[redacted]

Name and Address of Bidders' Parent Company: [redacted]

[redacted]

[redacted]

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

[redacted] proposes to sell and deliver to Florida Power Corporations (FPC) plant locations as referenced in attachment 2B and specifically listed below under the following terms and conditions:

Term : Delivery period shall be from January 1, 2004 through December 31, 2004.
Product: As referenced in attachment 2B and herein below.
Payment: [redacted] from receipt of invoice, wire transfer.
Pricing: The locations being proposed to supply are listed below. All prices will escalate upward or downward with the corresponding average posting, on date of delivery, as referenced in the [redacted] publication for the referenced grade of product plus an adder which includes barge, pipeline or truck transportation to the referenced plants.

Plant Location	*OPIS City Daily Rack Average Price*	*Product*	*Adder/$gallon*
Anclote	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Avon Park	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
P.L. Bartow	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Barge			
Bayboro	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Crystal River	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Debary	TAFT / ORLANDO	#2 DF On-Hwy Lo-Sulfur	[redacted]
Higgins	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Intercession City Pipeline	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]
Rio Pinar	TAFT / ORLANDO	#2 DF On-Hwy Lo-Sulfur	[redacted]
Suwannee	BAINBRIDGE, GA	#2 DF On-Hwy Lo-Sulfur	[redacted]
George Turner	TAFT / ORLANDO	#2 DF On-Hwy Lo-Sulfur	[redacted]
University of Florida	TAMPA	#2 DF On-Hwy Lo-Sulfur	[redacted]

The Florida Pollution Taxes and any applicable Federal, State and Local taxes will be billed separately.
A pump off charge of [redacted] per transport truck load will be charged when applicable.

For example, the delivered price to the Anclote plant will escalate with the [redacted] on date of delivery for Low Sulfur No. 2 diesel fuel plus an adder of $.0229 per gallon plus any applicable taxes.

[redacted]s proposal is predicated upon our assumption that we will be supplying all plant locations except Hines in order to take advantage of the economies of scale.

If FPC desires to "piecemeal" award these locations then [redacted] will gladly discuss the individual plants and the economic impact to the desired locations.

Measurement of Quantity: The quantity of product delivered to each Plant shall be corrected in each instance to volume at 60 degrees F in accordance with Table No. 6Bof ASTM-IP Petroleum Measurements Tables, ASTM Designation D-1250, TPSI will provide FPC a delivery ticket per tank truck shipment with the net gallon recorded on the delivery ticket. The quantity of product delivered by barge shall be determined by downgauge of shore tank at load port and also corrected to 60 degrees Fahrenheit in accordance with ASTM Table 6B. Any barge booming is to be coordinated by FPC and for the account of FPC. Quantity measurements by pipeline to Intercession will require further discussion and resolution between both parties.

Analysis: A complete typical analysis of the product will be provided to FPC upon request.

Quality: [redacted] warrants that the product will meet the quality specifications outlined in the Florida Power Corporation Procurement Specifications, #2 Fuel Oil which is attached in the RFP.

Delivery/Ordering Procedures: [redacted] requires that FPC provide a monthly delivery forecast by the fifteenth of each month for the following months requirements, referencing each location. FPC guarantees to take 75% of the monthly forecast and [redacted] guarantees to deliver 125% of the monthly forecast. In addition to the monthly forecast, all orders or nominations require at least 72 hours notice prior to the requested delivery date.

Invoice: FPC to advise on invoicing address.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS

I. COMPANY INFORMATION

Seller's Name..... [redacted]

Seller's Address..... [redacted]

Seller's Representative..... [redacted]

Location(s):.....

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	*GALLONS*	*PERIOD*
[redacted]		2003
[redacted]		2003
[redacted]		2003
[redacted]		2003
[redacted]		2003
[redacted]		2003

III. **Proposal**

See attachment 2A.

Williams, Dale D.

From: [redacted]
Sent: Thursday, September 18, 2003 2:53 PM
To: Williams, Dale D.
Subject: RE: #2 oil RFP

ProgressFlaNoBid.doc

Dale, sorry for the delay in returning this. At this time we are unable to submit a bid for the contract volumes your are seeking in Florida. However, in the event you are ever in the market for spot purchases (tank fills, etc.), please contact me as our situation may be different at that time. Thank you for including [redacted] on your request, and please keep us on your bidder's list.

[redacted]

ATTACHMENT 4

UNABLE TO SUBMIT A BID
FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

If your firm cannot submit a bid at this time, please provide the information requested below and return to:

Progress Energy Florida
411 Fayetteville Street
P.O. Box 1551, PEB 10
Attn: Dale Williams
Raleigh, NC 27602

Dear Mr. Williams:

We have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of bid of September 17, 2003.

We wish to remain active on your Bidder's List.

We are unable to submit a bid at this time due to the following reason(s):

Limited Product Availability at certain Florida Supply Terminals

Company Name	[redacted]
Contact Name	[redacted]
Contact Title	[redacted]
Address	[redacted]
City, State, Zip Code	[redacted]
Telephone Number	[redacted]

NOTE: If submitting a "**NO BID,**" **DO NOT RETURN THE BID PACKAGE.** Return this form only.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

1 COMPANY INFORMATION

Seller's Name [redacted]

Seller Address [redacted]

Seller's Representative [redacted]

Locations(s): [redacted]

11 MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
[redacted]	[redacted]	1/1/2002 - 8/31/2003
[redacted]	[redacted]	1/1/2002 - 8/31/2003
[redacted]	[redacted]	1/1/2002 - 8/31/2003
[redacted]	[redacted]	1/1/2002 - 8/31/2003
[redacted]	[redacted]	1/1/2002 - 8/31/2003

111 PROPOSAL

[redacted] is pleased to submit our proposal for various Florida Power Corp. d/b/a Progress Energy Florida ((FPC) plants.
For purposes of this bid, [redacted] has made arrangements with [redacted] to provide [redacted] # 2 Fuel Oil at both Tampa and Taft, FL, (MAPPLC's company owned terminal [redacted]. A letter from [redacted] is attached.

Pricing for this bid will fluctuate daily with [redacted] This posting is published daily in the [redacted] publication and is available by subscription. A 2003 daily history of this posting from both locations is attached.

Transportation will be furnished by both common (public) carrier and private carrier. We would be happy to furnish a list of these transporters and the drivers names for plant security purposes.

PAYMENT TERMS: Net [redacted] EFT

TAXES: Pollution taxes, currently 0.02072 per gallon, are in addition to prices quoted.

SPECIFICATIONS: [redacted] requires all shippers to conform to Colonial Pipeline Company Grade 75 Specification for Fungible Fuel Oil - 40 Cetane - see attached copy.

Tampa - See [redacted] Specifications for HSD - attached.

OTHER: In the unlikely event the [redacted] is out of service during a required delivery schedule product will be made available at [redacted] with an appropriate adjustment for the additional transportation.

Demurrage, incurred at FPC plant sites that result from plant operations inability to receive, will be for FPC's account. Demurrage rates are [redacted] per hour.

If any additional information is required, please contact [redacted]

ATTACHMENT 2 A

No. 2 OIL PRICING AND QUALITY

Location	Product	Price 9/16/03 [1]	Freight (pg) [2]	Supply Source
Anclote Power Plant Holiday, FL	0.5% Sulfur	[redacted]	[redacted]	Tampa
Avon Park Avon Park, FL	"	[redacted]	[redacted]	Tampa
Crystal River Coal Plants Crystal River, FL	"	[redacted]	[redacted]	Tampa
Higgins Plant Oldsmar, FL	"	[redacted]	[redacted]	Tampa
Rio Pinar Plant Orlando, FL	"	[redacted]	[redacted]	Taft
George T. Turner Plant Deltona, FL	"	[redacted]	[redacted]	Taft

1. For reference purposes only, [redacted] posting on 9/16/03 at
Tampa was [redacted] per gallon
Orlando was [redacted] per gallon

2. [redacted] will change with [redacted]

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date Sept. 16, 2003

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments [redacted] through [redacted] which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until [redacted] (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at _____ this 16th day Sept, 2003.

Attachments

Bidder [redacted]

By [redacted]
(Signature)

[redacted]
(Typed or Printed)

Title [redacted]

Business Address of Bidder [redacted]

Address of Principle Office [redacted]

Name and Address of Bidder's
Parent Company (f Applicable)

Hier Commodity	High Sulfur
City	[redacted]
Suppliers	MAPLLC

High Sulfur
[redacted]

Supplier Day Price			
Year	Month	Day	Total
2003	Jan 2003	Jan 1, 2003	[redacted]
		Jan 2, 2003	
		Jan 3, 2003	
		Jan 4, 2003	
		Jan 6, 2003	
		Jan 7, 2003	
		Jan 8, 2003	
		Jan 9, 2003	
		Jan 10, 2003	
		Jan 11, 2003	
		Jan 13, 2003	
		Jan 14, 2003	
		Jan 15, 2003	
		Jan 16, 2003	
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		Jan 28, 2003	
		Jan 29, 2003	
		Jan 30, 2003	
		Jan 31, 2003	
	Feb 2003	Feb 1, 2003	
		Feb 3, 2003	
		Feb 4, 2003	
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		Feb 20, 2003	
		Feb 21, 2003	

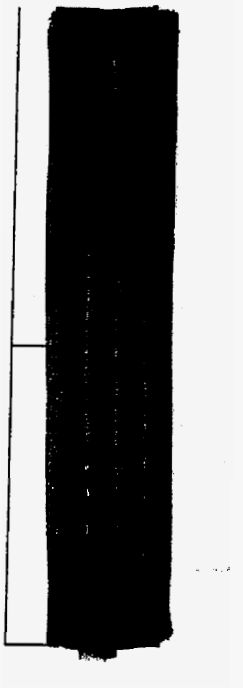
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Sep 2003	Sep 1, 2003
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	Sep 9, 2003
	Sep 10, 2003



Colonial Pipeline Company

PRODUCT SPECIFICATIONS

3.29.1 SPECIFICATIONS FOR FUNGIBLE FUEL OIL - 40 CETANE

Cancels Previous Issues of Grade 75

PRODUCT PROPERTY	ASTM Test Method	Test Results Minimum	Maximum	Note
Gravity API	D287, D1298 D4052	30		
Flash Point, °F				
Pensky-Martin	D93	130		
Distillation, °F	D86			
50%			Report	
90%		540	640	
End Point			690	
Color ASTM	D1500,D6045		2.5	5
Color Visual		Dyed		3
Viscosity, cSt @ 40°C (104°F)	D445	1.9	3.4	
Pour Point	D97, D5949, D5950, D5985			2
Cloud Point	D2500, D5771 D5772, D5773			2
Corrosion, 3 hrs. @ 50°C (122°F)	D130		1	
Total Sulfur, wt.%	D129, D1266 D1266, D2622 D4294		0.50	4
Cetane Number	D613	40		
OR				
Cetane Index	D976 or D4737	40		
Ash, wt.%	D482		0.01	
Carbon Residue: Ramsbottom on 10% Bottom	D524		0.35	
BS&W, vol.%	D2709 or equivalent		< 0.05	
Thermal stability, 90 minutes 150°CPad rating, DuPont scale			7	
OR				
Oxidation stability, mg/100 ml	D2274		2.5	
Haze rating @ 25°C (77°F)	D4176 Procedure 2		2	
Nace Corrosion	TM0172-2001	B+ (Origin)		

Colonial Pipeline Company

3.29.2 SPECIFICATIONS FOR FUNGIBLE FUEL OIL - 40 CETANE

Cancels Previous Issues of Grade 75

NOTES:

1. Concentration and type of additives permitted only as approved by Colonial.

2. This schedule denotes the fluidity of the distillate at the time and place of origin.

Pour Point –August 1st through March 14th	Maximum: -18°C (0°F).
Pour Point – March 15th through July 31st	Maximum: -12°C (+10°F)
Cloud Point – August 1st through March 14th	Maximum: -9°C (+15°F)
Cloud Point – March 15th through July 31st	Maximum: -7°C (+20°F)

The referee method will be Pour point D97 and Cloud point D2500

3. Dye Requirement:
   This product must exhibit visual evidence that red dye is present. The maximum allowable concentration, or spectral equivalence, is 0.75 pounds of Solid Red #26 per 1,000 barrels. This product does not meet IRS excise tax requirements for dye.

4. Certain states and localities north of Virginia have sulfur limits that are less than 0.50 wt. %.

5. ASTM color measurement before addition of dye.

[redacted]

P. O. Box AC [redacted]

No. 2 Diesel/Fuel Oil
Certificate of Analysis # [redacted]

LIMS Identification Number: [redacted]
Tank or Vessel Sampled:
Sampled by:
Date/Time Sampled: 9/6/2003 0230

MARATHON ASHLAND LABORATORY DATA						
		SPECIFICATIONS				
PARAMETER	ASTM TEST METHOD	HSD SOUTHEAST	HSD MIDWEST	LSD		TEST RESULTS
Product Sold As:		[ ]	[X]	[ ]		
API Gravity, @ 60 °F	D-4052	30 min.	30 min.	30 min.		32.6
Sulfur, wt.%	D-4294	0.50 max.	0.50 max.	0.05 max.		0.488
Flash, PMCC °F	D93-A	140 min.	125 min.	140 min.		147
Color	D-1500	2.5 max.	3.5 max.	2.5 max.		2
Colonial Haze Rating, max. @ 77 °F		2 max.	2 max.	2 max.		1
Viscosity, cSt @ 40 °C (104 °F)	D-445	1.9 min./3.4 max.	1.9 min./3.4 max.	1.9 min./3.4 max.		2.239
Carbon Residue on 10% Bottoms	D-524	0.35	0.35	0.35		0.15
Corrosion	D-130	No. 1 max.	No.1 max.	No 1 max.		1A
Ash, wt.%	D-482	0.01 max.	0.02 typical	0.01 max.		<0.001
Cetane Index	D-976	40 min.	40 min.	40 min.		40.2
Cloud Point, °F	D-5773			Midwest	Southeast	
Winter (10/1 -2/28)		+14 max.	+10 max	+10 max.	+14 max.	-5.6
Summer (3/1 - 9/30)		+20 max.	+20 max.	+20 max.	+20 max.	-
Pour Point, °F	D-5949			Midwest	Southeast	
Winter (10/1 - 2/28)		0 max.	-10 max.	-10 max.	0 max.	-29.2
Summer (3/1 -9/30)		+10 max.	+10 max.	+10 max.	+10 max.	-
Distillation, °F	D-86					
90% Recovered		540 min./640 max.	540 min./640 max.	540 min./640 max.		606
Endpoint		690 max.		690 max.		640
Red Dye Content, mg/L						
Pipeline		1.5 min./ 2.5 max.	1.5 min./2.5 max.			2.3
Terminal		11.9 min.	11.9			-
Thermal Stability, % Reflectance	D6468	80.0 min	80.0 min	80.0 min		82.70
Conductivity, picosiemems @ 20 °F	D-2624	50 min.	50 min.	50 min.		146

This COA was prepared from analysis performed on a sample of product from the above specified tank, obtained at the specified date and time.

Exceptions:

[redacted]

Date: 09/08/03

Williams, Dale D.

From: [redacted]
Sent: Wednesday, September 17, 2003 3:51 PM
To: Williams, Dale D.
Subject: FPC #2 fuel oil annual system requirement bid response


FPC__2_oil_system_bi
d__04_.doc...


FPC__2_oil_system_bi
d__04_.doc...

[redacted]

September 17, 2003

Dear Prospective Bidder:

REQUEST FOR PROPOSAL FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

Bid Deadline: September 17, 2003
5:00 pm EDT

Florida Power Corporation dba Progress Energy Florida (FPC) hereby solicits the following Request for Proposals (RFP) for the purchase of No. 2 oil.. Bidder may propose No. 2 oil in the specified quality and quantity with deliveries scheduled to begin January 1, 2004. Bidder may also include multiple proposals or proposals for a portion of FPC's requirements if desired.

All proposals will generally be evaluated in accordance with the following items:

A. **Proposals are due no later than 5:00 p.m. Eastern Time, September 17, 2003.** Bidders must complete the appropriate attachments in order for their offer to be considered by FPC. **Proposals must be returned to the following e-mail address: dale.williams@pgnmail.com. Please put the following in the subject line of your bid response "FPC #2 fuel oil Annual System Requirements Bid Response."** Bid packages e-mailed to any other e-mail address will be not be considered. **If you do not have access to e-mail, please mail your response via U.S. mail to the following address: Progress Energy, Attn: Dale Williams PEB10, 410 South Wilmington Street, P.O. Box 1551, Raleigh, NC, 27602. Please mark any mailed responses "FPC#2 fuel oil Annual System Requirements Bid Response."** Proposals must remain open until October 31, 2003 to permit comprehensive evaluation and may not be withdrawn for any reason during this period. **Late proposals will not be considered.** FPC's acceptance may be communicated by phone, followed by a written acceptance subject to management approval and negotiation of a mutually acceptable contract.

B. Price fixing method to be included in bid.

C. Approximate quantity and delivery locations to be specified.

D. Proposals will be evaluated on the basis of, including, but not limited to, delivered evaluated cost, payment terms, operating costs and handling impacts(if any), Bidder's capability and flexibility in meeting FPC's delivery requirements and meeting other preferences and requirements, logistical arrangements, etc.

The attachments to this letter contain guidelines and information, which Bidders must incorporate in their response as appropriate to their capabilities. Bidders must fully complete Attachment 1,2A-2L, and 3 as applicable in order to be considered by FPC.

FPC reserves the right to waive informal technicalities or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals that in FPC's sole judgment are in the best interest of FPC. No report of the bids will be made by FPC.

If you choose not to submit a proposal and would like to remain on the Bidder's list for term proposals, please complete the attached Attachment 4 and return it on or before the bid due date.

Sincerely,

Dale Williams
Regulated Commercial Operations
Florida Power Corporation

Attachments

Florida Power Corporation
REQUEST FOR PROPOSAL
NO. 2 OIL SUPPLY REQUIREMENTS GUIDELINES

Scope of Request for Proposal:

- FPC is soliciting bid proposals for No. 2 fuel oil and the transportation of this product for use at its facilities throughout Florida.

Term:

- The minimum term of this bid shall be from January 1, 2004- December 31, 2004.

Bid Submission:

- All bid proposals shall be received no later than 5:00 p.m. (EST) September 17, 2003. Bids received after the deadline will not be accepted.

- If e-mailed, bid responses should be sent to the following address:
  dale.williams@pgnmail.com

  Please put the following in the subject line of your e-mailed bid response:
  "FPC #2 fuel oil Annual System Requirements Bid Response"

- If mailed via U.S. Postal Service, bid responses should be addressed as follows:
  Progress Energy
  411 Fayetteville Street
  P.O. Box 1551 (PEB 10)
  Attn: Dale Williams
  Raleigh, North Carolina 27602

- Each Bidder must submit via USPS mail at least one copy of Attachments 1, 2A-2L and 3 as applicable (please do not mail the entire bid package along with the attachments!) with an authorized signature, full business address and other relevant information. No bids will be awarded without at least one mailed copy with original signatures of Attachments 1, 2A-2L, and 3 as applicable. These attachments must be submitted via USPS mail regardless of the method of bid submission utilized (e-mail or U.S. Postal Service). This mailed copy of the bid proposal acknowledges that the information contained in the bid submitted by you and your company is correct, factual, and is fully authorized by the appropriate person(s). In addition, it is retained for internal auditing purpose. Bid proposals should be signed in the official name of the corporation, followed by an authorized signature. The names of all persons signing should also be typed or printed below the signature. If Bidder does not own or control the No. 2 oil offered, Bidder must attach a letter from the oil supplier, signed by a duly authorized officer, stating that the Bidder has the exclusive right to offer this oil.

➢ FPC will retain in confidence all bids and other information received pursuant to this RFP to the extent allowed by law. FPC reserves the right to disclose such information, bids or draft contracts to consultants it may retain to assist in the RFP evaluation and contract effort, or when so requested by a court or governmental agency.

➢ Bidder shall be responsible for the completeness and accuracy of all the information contained or used in preparation of the bid, and for supplying all necessary supporting information.

➢ Bids should be complete, clear, and specific. To allow sufficient evaluation time, each bid, and any quoted prices, should be valid through October 31, 2003, and may not be conditioned upon "subject to prior sale." Bids selected for further evaluation should remain valid through the final negotiation process.

➢ The following attachments include provisions for bids to be completed with information regarding specifications, and other pertinent contractual, administrative and operational data. A cover letter is also included which, when signed by the Bidder and forwarded to FPC along with the below listed attachments, will constitute Bidder's proposal. It is, therefore, important that Bidder sign the letter and the attachments as hereafter provided.
PLEASE SUBMIT THE FOLLOWING; AS APPLICABLE:

- **Attachment 1** - NO. 2 OIL SELLER'S INFORMATION - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 2A-2L** - NO. 2 OIL PRICING AND QUALITY - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 3** - LETTER ENCLOSING PROPOSAL – Complete and return via e-mail along with one authorized and signed original via USPS mail.

- **Attachment 4** - NO BID LETTER - If there is no bid, please complete, sign and return the NO BID LETTER ONLY via e-mail along with one signed original via USPS mail.

Quality:

All supplies are for power generation and unless otherwise specified should be dyed red for off road use. Most locations require 0.5% Sulfur maximum. Deviations from this are noted in the attached specifications.

Pricing:

- Prices should be bid as follows:

  1) FPC price at the shipping point in cents per net gallon with the shipping point (terminal or terminals) specified and index(s) to be used;

  2) Transportation charges in cents per net gallon from shipping point to the applicable location.

Transportation:

- The Seller of the fuel oil must arrange transportation for No. 2 oil deliveries. Delivery of No. 2 oil will be by barge, pipeline or truck depending on delivery location.

Payment:

- Bidder should specify the terms for payment for No. 2 oil and transportation charges incurred delivering No. 2 fuel oil. FPC's normal payment terms are 15 days from receipt of invoice and supporting documentation. FPC may elect to pay for deliveries based on Bill of Lading for truck delivery locations. Discounts for prompt payment will be considered and evaluated. Payment for both fuel oil and transportation will be based on net gallons @ 60 degrees Fahrenheit.

Evaluation and Award:

- All bids meeting the requirement of this RFP will be reviewed and evaluated by FPC. FPC reserves the right to utilize outside consulting assistance in its evaluation.

- All bids will be evaluated based on the proposal submitted and the lowest evaluated delivered cost per gallon to the various FPC sites detailed in this RFP.

- FPC reserves the right to waive technicalities or irregularities; to reject any or all bids; and/or to accept any bid which in FPC's sole judgment is in its best interest.

- FPC reserves the right to modify or withdraw this RFP, to reject any or all bids, and to terminate any subsequent discussions at any time prior to contract award. FPC also reserves the right to accept one or more bids for a portion of or all of the quantities of No. 2 oil it may require as a result of this RFP.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name [redacted]

Seller's Address [redacted]

Seller's Representative [redacted] Phone # [redacted]

Location(s): [redacted]

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
[redacted]		2002-2003
[redacted]		2002-2003

III. **Proposal**

[redacted] PROPOSES TO SELL #2 FUEL TO THE SUWANNE PLANT LOCATED IN ELLAVILLE , FL. ON THE SAME SCALE WE WOULD A SPOT PURCHASE AGREEMENT ON A AS NEEDED BASES. WE WOULD DO [redacted] AND FLORIDA POLUTION TAX (.0207). THIS WOULD OPEN THE DOORFOR US TO GET THE BEST PRICE FOR FLORIDA POWER WE HAVE THE

[redacted]

THANKS,

[redacted]

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

No. 2 OIL PRICING

FLORIDA POWER CORPORATION PROCUREMENT SPECIFICATIONS

#2 FUEL OIL[1]

METHOD		ASTM TEST
Flash Point Minimum	140° F or legal	D-93
Pour Point Maximum	20° F	D-97
Water & Sediment % Volume Maximum	0.05%	D-96/D1796
Carbon Residue on 10% Bottoms Max.	0.25%	D-189/D-4530
Distillation Points 90% Min. Max.	540° F 650° F	D-86
Viscosity @ 100° F Min. CS Max.	2.0 3.6	D-445
Ash Weight % Maximum	0.01	D-482
Gravity Minimum API	30	D-287/D-1298
Sulfur Weight % Maximum[2]	0.5	D-1552/
Vanadium Maximum PPM	1.5	D-3605
Sodium + Potassium PPM Maximum	2	D-3605
Calcium PPM Maximum	4	D-3605
Lead PPM Maximum	1	D-3605
BTU/Gallon Minimum[3]	137,000	D-240
DuPont Stability Maximum	5 maximum	N/A
Oxidation Stability mg/100 ml Max.	2.5	D-2274

[1] Intercession City has a max. percent by weight Sulfur of two-tenths of one percent (0.2%).
Debary has an annual weighted average max. percent by weight Sulfur of three-tenths of one percent (0.3%).
Hines and University of Florida has a max. percent by weight Sulfur of five-hundredths of one percent (0.05%). Hines requires Jet Fuel and University of Florida requires Low Sulfur Diesel.

[2] BTU/Gallon minimum is based on Higher Heating Value (HHV).
Lower Heating Values (LHV) ASTM Test Method D-240 and nitrogen ASTM Test Method D-4629 shall be reported for Debary and Intercession City deliveries. There is no minimum or maximum guarantee for these two (2) sites.

Attachment 2B
PLANT LOCATIONS/DELIVERY POINTS

ANCLOTE POWER PLANT 1729 Bailey's Bluff Road Holiday, FL 34691	#2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). The plant is located near Tarpon Springs, Florida. Normal delivery size is 7,500 gallons. 20,843 bbls in 2000, 7,452 bbls in 2001 & 7,091 bbls in 2002
AVON PARK PLANT 1415 S. Islands Avenue Avon Park, FL 33825	#2 Fuel Oil 0.5% max. sulfur is received by truck(with pump). Normal delivery size is 7,500 gallons. 25,195 bbls in 2000,13,522 bbls in 2001 & 17,993 bbls in 2002
P. L. BARTOW PLANT Weedon Island Drive St. Petersburg, FL 33702	Located in northeast St. Petersburg, Florida. The plant receives 0.5% max. sulfur #2 Fuel Oil, and #6 Fuel Oil by barge. Currently #6 oil is received into the South berth and #6 and #2 oil into the North berth. North / South Max. vessel length 675' / 675' Max. vessel beam 90' / 90' Bow to manifold max. distance 200' / 325' Delivery size usually ranges from 50,000 to 120,000 bbls for #6 oil and approx. 10,000 bbls for #2. Consult Tampa Bay Pilots for vessel restrictions. Current Draft limitation is about 30'6". 85,382 bbls in 2000, 64,331 bbls in 2001 & 89,867 bbls in 2002
BAYBORO PLANT 1300 Third Street South St. Petersburg, FL 33701	Located near the Port of St. Petersburg. #2 Fuel Oil, 0.5% max. sulfur is received by barge. Delivery size is usually between 9,000 to 10,500 bbls. Draft limitation is 9 feet. Max vessel length is 208 feet. Max. vessel beam s 50 feet. Max. bow to manifold length is 72 feet. Max. manifold height is 12 feet. 292,543 bbls in 2000, 285,763 bbls in 2001 & 181,414 bbls in 2002
CRYSTAL RIVER COAL PLANTS Powerline Road Crystal River, FL 34428	Located approximately 5 miles north of Crystal River, Florida, off US 19; #2 Fuel Oil, 0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. 145,640 bbls in 2000, 111,606 bbls in 2001 & 98,477 bbls in 2002
DEBARY PLANT 176 West Highbanks Road Debary, FL 32713	Located east of Debary, Florida, off Highbanks Road. #2 Fuel Oil is received by truck. Plant must maintain 0.3% max. sulfur tank reading. Usually delivery size is 7,500 gallons. 641,082 bbls in 2000, 402,695 bbls in 2001 & 464,415 bbls in 2002
HIGGINS PLANT	Located on Booth Point at Oldsmar, Florida (Tampa Bay). #2 Fuel Oil 0.5% max. sulfur is received by truck. Normal delivery size is 7,500

East Shore Drive Oldsmar, FL 34677	gallons. Converted to #2 oil in 2003 no current history
INTERCESSION CITY PLANT 6525 Osceola-Polk Line Road Intercession City, FL 33848	Intercession City Plant is located near Kissimmee, Florida. This plan receives both 0.05 and 0.5% sulfur #2 Fuel Oil. Plant must maintain a 0.2% max. sulfur tank reading. Deliveries are received via the Centra Florida Pipeline (normal delivery size is 15-45,000 BBLS) and by truck (normal delivery size is 7,500 gallons). 432,172 bbls in 2000, 370,638 bbls in 2001 & 453,128 bbls in 2002
RIO PINAR PLANT 103 So. Econlockhatchee Trail Orlando, FL	Located on the corner of Lake Underhill and Econlockhatchee Trai (nearest town is Union Park). #2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). Normal delivery is 7,500 gallons. 8,812 bbls in 2000, 7,116 bbls in 2001 & 9,897 bbls in 2002
SUWANNEE PLANT Route 8, Box 286 Live Oak, FL 32060	Located at Ellaville, Florida off US 90, near Live Oak. #2 Fuel Oil, 0.5% max. sulfur and #6 Fuel Oil are received. All #2 Fuel Oil is received by truck with a usual delivery size of 7,500 gallons. 78,373 bbls in 2000, 83,864 bbls in 2001 & 90,113 bbls in 2002
GEORGE T. TURNER PLANT 201 Debary Avenue Deltona, FL 32725	The plant is less than one mile from highway I-4. #2 Fuel Oil, 0.5% max sulfur is received by truck. Normal delivery size is 7,500 gallons. 133,015 bbls in 2000, 78,179 bbls in 2001 & 129,538 bbls in 2002
JNIVERSITY OF FLORIDA COGENERATION PLANT FLORIDA POWER CORPORATION Building 82 Mowery Road Gainesville, FL 32611	Located in Gainesville, Florida on the University of Florida campus Bldg 82. Receives #2 Fuel Oil, 0.05% max. sulfur and kerosene by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n.gas.
HINES ENERGY COMPLEX 7700 County Road 555 Bartow,FL 33830	Located near Bartow and Fort Meade. Recieves Jet Fuel, .05% max. sulfur undyed by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n. gas.

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments [redacted] through [redacted] which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until _____ [redacted] (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at _____this _____day , 20_____.

Attachments

Bidder _____

By _____
(Signature)

_____
(Typed or Printed)

Title _____

Business Address of Bidder _____

_____

_____

_____

Address of Principal Office _____

_____

_____

_____

Name and Address of Bidder's
Parent Company (If Applicable) _____

_____

_____

ATTACHMENT 4

UNABLE TO SUBMIT A BID
FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

If your firm cannot submit a bid at this time, please provide the information requested below and return to:

Progress Energy Florida
411 Fayetteville Street
P.O. Box 1551, PEB 10
Attn: Dale Williams
Raleigh, NC 27602

Dear Mr. Williams:

We have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of bid of September 17, 2003.

We wish to remain active on your Bidder's List.

We are unable to submit a bid at this time due to the following reason(s):

Company Name

Contact Name

Contact Title

Address

City, State, Zip Code

Telephone Number

NOTE: If submitting a "NO BID," DO NOT RETURN THE BID PACKAGE. Return this form only.

September 17, 2003

Dear Prospective Bidder:

REQUEST FOR PROPOSAL FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

Bid Deadline: September 17, 2003
5:00 pm EDT

Florida Power Corporation dba Progress Energy Florida (FPC) hereby solicits the following Request for Proposals (RFP) for the purchase of No. 2 oil.. Bidder may propose No. 2 oil in the specified quality and quantity with deliveries scheduled to begin January 1, 2004. Bidder may also include multiple proposals or proposals for a portion of FPC's requirements if desired.

All proposals will generally be evaluated in accordance with the following items:

A. **Proposals are due no later than 5:00 p.m. Eastern Time, September 17, 2003.** Bidders must complete the appropriate attachments in order for their offer to be considered by FPC. **Proposals must be returned to the following e-mail address: dale.williams@pgnmail.com. Please put the following in the subject line of your bid response "FPC #2 fuel oil Annual System Requirements Bid Response."** Bid packages e-mailed to any other e-mail address will be not be considered. **If you do not have access to e-mail, please mail your response via U.S. mail to the following address: Progress Energy, Attn: Dale Williams PEB10, 410 South Wilmington Street, P.O. Box 1551, Raleigh, NC, 27602. Please mark any mailed responses "FPC#2 fuel oil Annual System Requirements Bid Response."** Proposals must remain open until October 31, 2003 to permit comprehensive evaluation and may not be withdrawn for any reason during this period. **Late proposals will not be considered.** FPC's acceptance may be communicated by phone, followed by a written acceptance subject to management approval and negotiation of a mutually acceptable contract.

B. Price fixing method to be included in bid.

C. Approximate quantity and delivery locations to be specified.

D. Proposals will be evaluated on the basis of, including, but not limited to, delivered evaluated cost, payment terms, operating costs and handling impacts(if any), Bidder's capability and flexibility in meeting FPC's delivery requirements and meeting other preferences and requirements, logistical arrangements, etc.

The attachments to this letter contain guidelines and information, which Bidders must incorporate in their response as appropriate to their capabilities. Bidders must fully complete Attachment 1,2A-2L, and 3 as applicable in order to be considered by FPC.

FPC reserves the right to waive informal technicalities or irregularities, to reject any and all proposals for any reason, and/or to accept or reject any proposal or proposals that in FPC's sole judgment are in the best interest of FPC. No report of the bids will be made by FPC.

If you choose not to submit a proposal and would like to remain on the Bidder's list for term proposals, please complete the attached Attachment 4 and return it on or before the bid due date.

Sincerely,

Dale Williams
Regulated Commercial Operations
Florida Power Corporation

Attachments

Florida Power Corporation
REQUEST FOR PROPOSAL
NO. 2 OIL SUPPLY REQUIREMENTS GUIDELINES

Scope of Request for Proposal:

- FPC is soliciting bid proposals for No. 2 fuel oil and the transportation of this product for use at its facilities throughout Florida.

Term:

- The minimum term of this bid shall be from January 1, 2004- December 31, 2004.

Bid Submission:

- **All bid** proposals shall be received no later than 5:00 p.m. (EST) September 17, 2003. Bids received after the deadline will not be accepted.

- If e-mailed, bid responses shc uld be sent to the following address:
  dale.williams@pgnmail.com

  Please put the following in the subject line of your e-mailed bid response:
  "FPC #2 fuel oil Annual System Requirements Bid Response"

- If mailed via U.S. Postal Service, bid responses should be addressed as follows:
  Progress Energy
  411 Fayetteville Street
  P.O. Box 1551 (PEB 10)
  Attn: Dale Williams
  Raleigh, North Carolina 27602

- Each Bidder must submit via USPS mail at least one copy of Attachments 1, 2A-2L and 3 as applicable (please do not mail the entire bid package along with the attachments!) with an authorized signature, full business address and other relevant information. No bids will be awarded without at least one mailed copy with original signatures of Attachments 1, 2A-2L, and 3 as applicable. These attachments must be submitted via USPS mail regardless of the method of bid submission utilized (e-mail or U.S. Postal Service). This mailed copy of the bid proposal acknowledges that the information contained in the bid submitted by you and your company is correct, factual, and is fully authorized by the appropriate person(s). In addition, it is retained for internal auditing purpose. Bid proposals should be signed in the official name of the corporation, followed by an authorized signature. The names of all persons signing should also be typed or printed below the signature. If Bidder does not own or control the No. 2 oil offered, Bidder must attach a letter from the oil supplier, signed by a duly authorized officer, stating that the Bidder has the exclusive right to offer this oil.

- FPC will retain in confidence all bids and other information received pursuant to this RFP to the extent allowed by law. FPC reserves the right to disclose such information, bids or draft contracts to consultants it may retain to assist in the RFP evaluation and contract effort, or when so requested by a court or governmental agency.

- Bidder shall be responsible for the completeness and accuracy of all the information contained or used in preparation of the bid, and for supplying all necessary supporting information.

- Bids should be complete, clear, and specific. To allow sufficient evaluation time, each bid, and any quoted prices, should be valid through October 31, 2003, and may not be conditioned upon "subject to prior sale." Bids selected for further evaluation should remain valid through the final negotiation process.

- The following attachments include provisions for bids to be completed with information regarding specifications, and other pertinent contractual, administrative and operational data. A cover letter is also included which, when signed by the Bidder and forwarded to FPC along with the below listed attachments, will constitute Bidder's proposal. It is, therefore, important that Bidder sign the letter and the attachments as hereafter provided.

PLEASE SUBMIT THE FOLLOWING; AS APPLICABLE:

- **Attachment 1** - NO. 2 OIL SELLER'S INFORMATION - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 2A-2L** - NO. 2 OIL PRICING AND QUALITY - Complete and return via e-mail along with one authorized copy via USPS mail.

- **Attachment 3** - LETTER ENCLOSING PROPOSAL – Complete and return via e-mail along with one authorized and signed original via USPS mail.

- **Attachment 4** - NO BID LETTER - If there is no bid, please complete, sign and return the NO BID LETTER ONLY via e-mail along with one signed original via USPS mail.

Quality:

All supplies are for power generation and unless otherwise specified should be dyed red for off road use. Most locations require 0.5% Sulfur maximum. Deviations from this are noted in the attached specifications.

Pricing:

- Prices should be bid as follows:

  1) FPC price at the shipping point in cents per net gallon with the shipping point (terminal or terminals) specified and index(s) to be used;

  2) Transportation charges in cents per net gallon from shipping point to the applicable location.

Transportation:

- The Seller of the fuel oil must arrange transportation for No. 2 oil deliveries. Delivery of No. 2 oil will be by barge, pipeline or truck depending on delivery location.

Payment:

- Bidder should specify the terms for payment for No. 2 oil and transportation charges incurred delivering No. 2 fuel oil. FPC's normal payment terms are 15 days from receipt of invoice and supporting documentation. FPC may elect to pay for deliveries based on Bill of Lading for truck delivery locations. Discounts for prompt payment will be considered and evaluated. Payment for both fuel oil and transportation will be based on net gallons @ 60 degrees Fahrenheit.

Evaluation and Award:

- All bids meeting the requirement of this RFP will be reviewed and evaluated by FPC. FPC reserves the right to utilize outside consulting assistance in its evaluation.

- All bids will be evaluated based on the proposal submitted and the lowest evaluated delivered cost per gallon to the various FPC sites detailed in this RFP.

- FPC reserves the right to waive technicalities or irregularities; to reject any or all bids; and/or to accept any bid which in FPC's sole judgment is in its best interest.

- FPC reserves the right to modify or withdraw this RFP, to reject any or all bids, and to terminate any subsequent discussions at any time prior to contract award. FPC also reserves the right to accept one or more bids for a portion of or all of the quantities of No. 2 oil it may require as a result of this RFP.

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name [redacted]

Seller's Address [redacted]

Seller's Representative [redacted] Phone # [redacted]

Location(s): [redacted]

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
[redacted]		2002-2003
[redacted]		2002-2003

III. **Proposal**

[redacted] PROPOSES TO SELL #2 FUEL TO THE SUWANNE PLANT LOCATED IN ELLAVILLE , FL. ON THE SAME SCALE WE WOULD A SPOT PURCHASE AGREEMENT ON A AS NEEDED BASES. WE WOULD DO [redacted] AND FLORIDA POLUTION TAX (.0207). THIS WOULD OPEN THE DOORFOR US TO GET THE BEST PRICE FOR FLORIDA POWER WE HAVE THE

[redacted]

THANKS,

[redacted]

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

No. 2 OIL PRICING

FLORIDA POWER CORPORATION PROCUREMENT SPECIFICATIONS #2 FUEL OIL[1]		
METHOD		ASTM TEST
Flash Point Minimum	140° F or legal	D-93
Pour Point Maximum	20° F	D-97
Water & Sediment % Volume Maximum	0.05%	D-96/D1796
Carbon Residue on 10% Bottoms Max.	0.25%	D-189/D-4530
Distillation Points 90% Min. Max.	540° F 650° F	D-86
Viscosity @ 100° F Min. CS Max.	2.0 3.6	D-445
Ash Weight % Maximum	0.01	D-482
Gravity Minimum API	30	D-287/D-1298
Sulfur Weight % Maximum[2]	0.5	D-1552/
Vanadium Maximum PPM	1.5	D-3605
Sodium + Potassium PPM Maximum	2	D-3605
Calcium PPM Maximum	4	D-3605
Lead PPM Maximum	1	D-3605
BTU/Gallon Minimum[3]	137,000	D-240
DuPont Stability Maximum	5 maximum	N/A
Oxidation Stability mg/100 ml Max.	2.5	D-2274

1 Intercession City has a max. percent by weight Sulfur of two-tenths of one percent (0.2%). Debary has an annual weighted average max. percent by weight Sulfur of three-tenths of one percent (0.3%). Hines and University of Florida has a max. percent by weight Sulfur of five-hundredths of one percent (0.05%). Hines requires Jet Fuel and University of Florida requires Low Sulfur Diesel.

2 BTU/Gallon minimum is based on Higher Heating Value (HHV). Lower Heating Values (LHV) ASTM Test Method D-240 and nitrogen ASTM Test Method D-4629 shall be reported for Debary and Intercession City deliveries. There is no minimum or maximum guarantee for these two (2) sites.

Attachment 2B
PLANT LOCATIONS/DELIVERY POINTS

ANCLOTE POWER PLANT 1729 Bailey's Bluff Road Holiday, FL 34691	#2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). The plant is located near Tarpon Springs, Florida. Normal delivery size is 7,500 gallons. 20,843 bbls in 2000, 7,452 bbls in 2001 & 7,091 bbls in 2002
AVON PARK PLANT 1415 S. Islands Avenue Avon Park, FL 33825	#2 Fuel Oil 0.5% max. sulfur is received by truck(with pump). Normal delivery size is 7,500 gallons. 25,195 bbls in 2000,13,522 bbls in 2001 & 17,993 bbls in 2002
P. L. BARTOW PLANT Weedon Island Drive St. Petersburg, FL 33702	Located in northeast St. Petersburg, Florida. The plant receives 0.5% max. sulfur #2 Fuel Oil, and #6 Fuel Oil by barge. Currently #6 oil is received into the South berth and #6 and #2 oil into the North berth. North / South Max. vessel length 675' / 675' Max. vessel beam 90' / 90' Bow to manifold max. distance 200' / 325' Delivery size usually ranges from 50,000 to 120,000 bbls for #6 oil and approx. 10,000 bbls for #2. Consult Tampa Bay Pilots for vessel restrictions. Current Draft limitation is about 30'6". 85,382 bbls in 2000, 64,331 bbls in 2001 & 89,867 bbls in 2002
BAYBORO PLANT 1300 Third Street South St. Petersburg, FL 33701	Located near the Port of St. Petersburg. #2 Fuel Oil, 0.5% max. sulfur is received by barge. Delivery size is usually between 9,000 to 10,500 bbls. Draft limitation is 9 feet. Max vessel length is 208 feet. Max. vessel beam is 50 feet. Max. bow to manifold length is 72 feet. Max. manifold height is 12 feet. 292,543 bbls in 2000, 285,763 bbls in 2001 & 181,414 bbls in 2002
CRYSTAL RIVER COAL PLANTS Powerline Road Crystal River, FL 34428	Located approximately 5 miles north of Crystal River, Florida, off US 19; #2 Fuel Oil, 0.5% max. sulfur is received by truck. Normal delivery size is 7,500 gallons. 145,640 bbls in 2000, 111,606 bbls in 2001 & 98,477 bbls in 2002
DEBARY PLANT 76 West Highbanks Road Debary, FL 32713	Located east of Debary, Florida, off Highbanks Road. #2 Fuel Oil is received by truck. Plant must maintain 0.3% max. sulfur tank reading. Usually delivery size is 7,500 gallons. 641,082 bbls in 2000, 402,695 bbls in 2001 & 464,415 bbls in 2002
HIGGINS PLANT	Located on Booth Point at Oldsmar, Florida (Tampa Bay). #2 Fuel Oil 0.5% max. sulfur is received by truck. Normal delivery size is 7,500

East Shore Drive Oldsmar, FL 34677	gallons. Converted to #2 oil in 2003 no current history
INTERCESSION CITY PLANT 6525 Osceola-Polk Line Road Intercession City, FL 33848	Intercession City Plant is located near Kissimmee, Florida. This plan receives both 0.05 and 0.5% sulfur #2 Fuel Oil. Plant must maintain a 0.2% max. sulfur tank reading. Deliveries are received via the Centra Florida Pipeline (normal delivery size is 15-45,000 BBLS) and by truck (normal delivery size is 7,500 gallons). 432,172 bbls in 2000, 370,638 bbls in 2001 & 453,128 bbls in 2002
RIO PINAR PLANT 103 So. Econlockhatchee Trail Orlando, FL	Located on the corner of Lake Underhill and Econlockhatchee Trai (nearest town is Union Park). #2 Fuel Oil, 0.5% max. sulfur is received by truck(with pump). Normal delivery is 7,500 gallons. 8,812 bbls in 2000, 7,116 bbls in 2001 & 9,897 bbls in 2002
SUWANNEE PLANT Route 8, Box 286 Live Oak, FL 32060	Located at Ellaville, Florida off US 90, near Live Oak. #2 Fuel Oil, 0.5% max. sulfur and #6 Fuel Oil are received. All #2 Fuel Oil is received by truck with a usual delivery size of 7,500 gallons. 78,373 bbls in 2000, 83,864 bbls in 2001 & 90,113 bbls in 2002
GEORGE T. TURNER PLANT 201 Debary Avenue Deltona, FL 32725	The plant is less than one mile from highway I-4. #2 Fuel Oil, 0.5% max sulfur is received by truck. Normal delivery size is 7,500 gallons. 133,015 bbls in 2000, 78,179 bbls in 2001 & 129,538 bbls in 2002
UNIVERSITY OF FLORIDA COGENERATION PLANT FLORIDA POWER CORPORATION Building 82 Mowery Road Gainesville, FL 32611	Located in Gainesville, Florida on the University of Florida campus Bldg 82. Receives #2 Fuel Oil, 0.05% max. sulfur and kerosene by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n.gas.
HINES ENERGY COMPLEX 7700 County Road 555 Bartow,FL 33830	Located near Bartow and Fort Meade. Recieves Jet Fuel, .05% max. sulfur undyed by truck. Normal delivery is 7,500 gallons. No history available, normally runs on n. gas.

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments [redacted] through [redacted] which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until _____ (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at _____this _____day , 20_____.

Attachments

Bidder _____

By _____
(Signature)

_____
(Typed or Printed)

Title _____

Business Address of Bidder _____

_____

_____

_____

Address of Principal Office _____

_____

_____

_____

Name and Address of Bidder's
Parent Company (If Applicable) _____

_____

_____

ATTACHMENT 4

UNABLE TO SUBMIT A BID
FOR NO. 2 OIL SUPPLY
ANNUAL SYSTEM REQUIREMENTS

If your firm cannot submit a bid at this time, please provide the information requested below and return to:

Progress Energy Florida
411 Fayetteville Street
P.O. Box 1551, PEB 10
Attn: Dale Williams
Raleigh, NC 27602

Dear Mr. Williams:

We have received the Request for Proposal for supply of No. 2 oil to FPC, with a deadline for receipt of bid of September 17, 2003.

We wish to remain active on your Bidder's List.

We are unable to submit a bid at this time due to the following reason(s):

Company Name

Contact Name

Contact Title

Address

City, State, Zip Code

Telephone Number

NOTE: If submitting a "**NO BID,**" **DO NOT RETURN THE BID PACKAGE.** Return this form only.

ATTACHMENT 3
ANNUAL SYSTEM REQUIREMENTS
PROPOSAL LETTER

Date 09/15/03

Dear Mr. Williams:

The undersigned, having read and examined the Request for Proposal ("RFP") and the RFP Guidelines for No. 2 Oil Supply Requirements for Florida Power Corporation Annual System Requirements proposes to furnish No. 2 oil and transportation of this products provide the services set forth in this RFP.

The undersigned hereby declares that the attached list states any and all variations from and exceptions to the requirements of the RFP and that, unless otherwise stated, it is the intent of this bid that this offering will be in strict accordance with the requirements of the RFP and its related documentation, including the provisions of any resulting contract.

Undersigned has completed, signed and is forwarding herewith Attachments 1 through 3 which are incorporated herein and made a part of this bid.

This bid and all attachments thereto shall be valid until 01/01/05 (at least October 31, 2001) and is not conditioned upon "subject to prior sale."

The Undersigned hereby declares that the persons or firms interested in the bid as principal or principals are named herein, and that no other persons or firms other than herein mentioned have any interest in this Proposal or in the contract to be entered into; that this bid is made without consultation with any other person, company, or parties likewise submitting a bid; and that the bid(s) are in all respects for and in good faith, without collusion or fraud. Undersigned also acknowledges that there are no claims for reimbursement of any costs or expenses incurred as a result of or in connection with the preparation of this bid, regardless of whether or not a resulting contract is awarded to Undersigned, and that this bid constitutes an offer as herein provided and is not binding upon Buyer until and unless a resulting contract is fully executed by both parties.

The undersigned also declares that the Bidder(s) is willing and able to enter into negotiations with FPC for a No. 2 oil supply contract.

Dated at 12:1[illegible] this 15 day , 2003 .

Attachments

ATTACHMENT 1
ANNUAL SYSTEM REQUIREMENTS
Florida Power Corporation

I. COMPANY INFORMATION

Seller's Name [redacted]

Seller's Address [redacted]

Seller's Representative_____Phone # _____ [redacted]

Location(s): 7

[redacted]

II. MISCELLANEOUS INFORMATION

Utilities supplied over the last three years:

UTILITY	GALLONS	PERIOD
[redacted]		1-year
[redacted]		4-years
[redacted]		15-years

III. **Proposal**

[redacted] will supply all of the locations with exception to locations that are supplied by barge. [redacted] will suppy fuel oil within a 24-hour period after ordering. [redacted] inc will be able to supply #2- lo and hi-sulfur dieseldyed.

ATTACHMENT 2A
No. 2 OIL PRICING AND QUALITY

No. 2 OIL PRICING

Pricing for the following locations will be supplied out of Tampa terminal. Anclote Power Plant, Avon Park, Crystal River, Pricing for these locations are as follows.

[redacted]

Pricing for the following locations to be supplied out of Taft. DebaryOrland, Deltona, pricing as follows

[redacted]

Pricing for the following locations to be supplied out of the Jacksonville terminal.

[redacted]

Bidder [redacted]

By [redacted]

(Signature)

[redacted]

(Typed or Printed)

[redacted]

Business Address of Bidder

[redacted]

Address of Principal Office

[redacted]

Name and Address of Bidder's
Parent Company (If Applicable)

N/A

Term Deal

Time Stamp
Turret # 68

Gas Trading & Logistics
Trade Ticket

Proprietary & Confidential

Business Unit: CP&L (FPC)

Month: _____ Beginning Date: [redacted] Ending Date: [redacted]

Transaction Direction: ☒ Purchase ☐ Sale

Counterparty: [redacted] ☐ LT ☐ Pre-Nom ☐ IntraDay

Contact Name / Phone # Bob Crutchfield

Volume: [redacted] Price: [redacted] Type: ☐ EPP ☐ Trigger ☐ Fixed ☒ Index

Pipeline: [redacted] Pipeline Area: [redacted]

Meter/Pool: [redacted] Contract #: _____

Priority: ☒ Firm ☐ Interruptible

Type of Transport: ☒ Primary Firm ☐ Secondary Firm ☐ Interruptible

Reason for Initiation: ☒ Hedge (Physical) ☐ Other (Physical) ☐ Hedge (Financial) ☐ Other (Financial)

***Note:** Transactions that are identified as hedges are done so for accounting and tax purposes.*

☐ Hedge (Financial) ☐ Other (Financial)

UPS CL #	DS CL #	Activity #	Volume	Del Point

Comments

- See Exhibit A for Deal Information & Special Conditions

- [redacted]

T&L Trader: _____ ZaiNet Z Key # AFFH8 Group Thrum

T&L Scheduler: _____ Pipeline

_____ ZaiNet

White: Scheduler Yellow: Back Office Pink: Trader

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

[redacted]

Date: 01/08/04
Transaction Confirmation #: 012204

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 03/03/03. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
[redacted]	Florida Power Corporation d/b/a Progress Energy Florida, Inc.
Attn: [redacted]	P.O. Box 1551, PEB 10A
Phone:	Raleigh, North Carolina 27602
Fax:	Attn: Ed McCluskey
Base Contract No.	Phone: 919-546-5174
Transporter:	Fax: 919-546-2922
Transporter Contract Number:	Base Contract No.
	Transporter:
	Transporter Contract Number:

[redacted]

Commodity Price Applicable to Gas Daily Sell-Back Option and Gas Daily Swing-Up Option: [redacted]

Delivery Period: Begin: May 1, 2004 End: April 30, 2006

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):
_____ MMBtus/day
☐ EFP

[redacted]

Interruptible:
Up to _____ MMBtus/day

X Buyer or ☐ Seller

Delivery Point(s): See Special Condition Number 2 on Attachment 2.

Special Conditions: See Attachment 2 for Special Conditions Number 1 - 5.

Seller: [redacted] Inc.	Buyer: Florida Power Corporation d/b/a Progress Energy Florida, Inc.
By: [redacted]	By: Pamela K. J. Murphy
Title: [redacted]	Title: Director, Gas Procurement
Date: [redacted]	Date: 1/21/04

1/22/04

1/20/04

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[redacted]

2. Delivery Points. [redacted]

1/22/04 1/20/04 1/22/04 1/22/04 1/22/04

3. [redacted]

[redacted]

[redacted]

[

Attachment 1: to Confirm dated [redacted] between CTNG and Progress Energy/FPC

[redacted]

[redacted]

01/27/2004 08:41 FAX 98199 55468 6668422 OIL & GAS TRADING 002

Term Deal

Time Stamp
Turret # 68

Gas Trading & Logistics
Trade Ticket

Proprietary & Confidential

Business Unit: CP&L (FPC)

Month: _____ Beginning Date: [redacted] Ending Date: [redacted]

Transaction Direction: ☒ Purchase ☐ Sale

Counterparty: [redacted] ☐ LT ☐ Pre-Nom ☐ IntraDay

Contact Name / Phone # Terri

Volume: [redacted] Price: $ [redacted] Type: ☐ EPP ☐ Trigger [redacted]

Pipeline: [redacted] Pipeline Area: [redacted]

Meter/Pool: [redacted] Contract #:

Priority: ☒ Firm ☐ Interruptible

Type of Transport: ☒ Primary Firm ☐ Secondary Firm ☐ Interruptible

Reason for Initiation: ☒ Hedge (Physical) ☐ Other (Physical) ☐ Hedge (Financial) ☐ Other (Financial)

Note: Transactions that are identified as hedges are done so for accounting and tax purposes.

UPS Ct #	DS Ct #	Activity #	Volume	Del Point

Comments

Term Deal - See Exhibit A for Special conditions & deal Information

[redacted]

T&L Trader: Sal

T&L Scheduler: _____ Pipeline

_____ ZaiNet

ZaiNet Z Key # Group Term AFA247 | 362402, 362405, 362407, 362408

: Scheduler Yellow: Back Office

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Date: 01/08/03
Transaction Confirmation #: 185814 1-8

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 9/4/01. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
[redacted]	Florida Power Corporation d/b/a Progress Energy Florida, Inc. P.O. Box 1551, PEB 10A Raleigh, North Carolina 27603
Attn: Phone: Fax: Base Contract No. Transporter: Transporter Contract Number:	Attn: Ed McCluskey Phone: 919-546-5174 Fax: 919-546-2922 Base Contract No. Transporter: Transporter Contract Number:

Contract Price: [redacted]

Delivery Period: Begin [redacted] End: [redacted]

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):
____ MMBtus/day
☐ EFP

Firm (Variable Quantity):
0 MMBtus/day Minimum
[redacted]
subject to Section 4.2. at election of
[redacted] ☐ Seller

Interruptible:
Up to ____ MMBtus/day

Delivery Point(s): [redacted]

Special Conditions:

[redacted]

Seller: [redacted]	Buyer: Florida Power Corporation
By:	By: Ed McC
Title:	Title:
Date:	Date: 1/13/04

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ghts reserved

Term Deal

Time Stamp
Turret # 68

Gas Trading & Logistics Trade Ticket

Proprietary & Confidential

Business Unit: CP&L (FPC)

Month: _____ Beginning Date: [redacted] Ending Date: [redacted]

Transaction Direction: ☒ Purchase ☐ Sale

Counterparty: [redacted] ☐ LT ☐ Pre-Nom ☐ IntraDay

Contact Name / Phone # Tenn:

Volume: [redacted] Price: $[redacted] Type: ☐ EPP ☐ Trigger ☐ Fixed ☐ Index

Pipeline: [redacted] Pipeline Area: [redacted]

Meter/Pool: [redacted] Contract #: _____

Priority: ☒ Firm ☐ Interruptible

Type of Transport: ☒ Primary Firm ☐ Secondary Firm ☐ Interruptible

Reason for Initiation: ☒ Hedge (Physical) ☐ Other (Physical) *Note: Transactions that are identified as hedges are done so for accounting and tax purposes.*

☐ Hedge (Financial) ☐ Other (Financial)

UPS Ct#	DS Ct #	Activity #	Volume	Del.Point

Comments

- Term Deal - See Exhibit A for special conditions & Deal Information

[redacted]

T&L Trader: Em

ZaiNet Z Key # Gaxptnum AFA253 | 362413, 362414

T&L Scheduler: _____ Pipeline

_____ ZaiNet

e: Scheduler Yellow: Back Office

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

18587-1-2
EXHIBIT A A
18581-1-2

[redacted]

Date: 01/08/03
Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 9/4/01. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
[redacted] Attn: Phone: Fax: Base Contract No. Transporter: Transporter Contract Number:	Florida Power Corporation d/b/a Progress Energy Florida, Inc. P.O. Box 1551, PEB 10A Raleigh, North Carolina 27603 Attn: Ed McCluskey Phone: 919-546-5174 Fax: 919-546-2922 Base Contract No. Transporter: Transporter Contract Number:

[redacted]

Delivery Period: Begin: [redacted] End: [redacted]

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity): ____ MMBtus/day
☐ EFP

Firm (Variable Quantity): 0 MMBtus/day Minimum
[redacted]

Interruptible: Up to ____ MMBtus/day

Delivery Point(s): Destin Pipeline into Gulfstream Natural Gas System (8205175) and/or Florida Gas Transmission (241390) or at any alternate delivery point(s) as mutually agreed by both Buyer and Seller.

Special Conditions:

[redacted]

Seller: [redacted]	Buyer: Florida Power Corporation
By:	By: Ed
Title:	Title:
Date: 1/9/04	Date: 1/13/04

Term Deal

Time Stamp
Turret # 6

Gas Trading & Logistics
Trade Ticket

Proprietary & Confidential

Business Unit: CP&L FPC

Month: _____ Beginning Date: [redacted] Ending Date: [redacted]

Transaction Direction: ☐ Purchase ☐ Sale

Counterparty: [redacted] ☐ LT ☐ Pre-Nom ☐ IntraDay

Contact Name / Phone # [redacted]

Volume: [redacted] Price: $ [redacted] Type: ☐ EPP ☐ Trigger ☐ Fix [redacted]

Pipeline: [redacted] Pipeline Area: [redacted]

Meter/Pool: [redacted] Contract #: _____

Priority: ☒ Firm ☐ Interruptible

Type of Transport: ☒ Primary Firm ☐ Secondary Firm ☐ Interruptible

Reason for Initiation: ☒ Hedge (Physical) ☐ Other (Physical) ***Note:*** *Transactions that are identified as hedges are done so for accounting and tax purposes.*

☐ Hedge (Financial) ☐ Other (Financial)

UPS Ct.#	DS Ct.#	Activity #	Volume	Del Point

Comments

Term Deal – see Exhibit A for special conditions & deal Information

[redacted]

Group Num

ET&L Trader: [redacted] ZaiNet Z Key # AFA255 | 362415, 362416

ET&L Scheduler: _____ Pipeline

_____ ZaiNet

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

185806 1-2
185809 t2

EXHIBIT A

Date: 01/08/03
Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated 9/4/01. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
[redacted]	Florida Power Corporation d/b/a Progress Energy Florida, Inc. P.O. Box 1551, PEB 10A Raleigh, North Carolina 27603
Attn: [redacted] Phone: Fax: Base Contract No. Transporter: Transporter Contract Number:	Attn: Ed McCluskey Phone: 919-546-5174 Fax: 919-546-2922 Base Contract No. Transporter: Transporter Contract Number:

[redacted]

Delivery Period: Begin: [redacted] End: [redacted]

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):
____ MMBtus/day
☐ EFP

Firm (Variable Quantity):
0 MMBtus/day Minimum
[redacted]

Interruptible:
Up to ____ MMBtus/day

Delivery Point(s)
[redacted]

Special Conditions:
[redacted]

Seller: [redacted]	Buyer: Florida Power Corporation
By: [redacted]	By: Ed
Title:	Title:
Date: MGR [redacted]	Date: 1/13/04

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Mccluskey, Edward

From: [redacted]
Sent: Tuesday, January 06, 2004 3:28 PM
To: Mccluskey, Edward
Subject: [redacted]

okay, the gda numbers are [redacted] below are my monthly take or release for package 2 - [redacted]

mb-- [redacted]

destin - [redacted]

thank you

-----Original Message-----
From: Mccluskey, Edward [mailto:Edward.Mccluskey@pgnmail.com]
Sent: Tuesday, January 06, 2004 1:40 PM
To: [redacted]
Subject: RE: FPC Annual Short-Term RFP

My changes are in red.

Thanks
Ed

-----Original Message-----
From: [redacted]
Sent: Tuesday, December 16, 2003 2:22 PM
To: Mccluskey, Edward
Subject: RE: FPC Annual Short-Term RFP

Listed below are my numbers. Let me know when you want to discuss in detail. You know how I love to talk!! (lol)

[redacted]

Demand: [redacted]
Commodity: [redacted]
Volume: [redacted]

lfgmr [redacted]
Volume: [redacted]

Destin

Demand: [redacted]
Commodity: [redacted]
Volume: [redacted]

lfgmr - [redacted]
Volume: [redacted]

Thank you !!!

Where is by pic of your kids? Am I not getting a xmas card goober smoocher!

Mccluskey, Edward

From: [redacted]
Sent: Tuesday, December 16, 2003 2:22 PM
To: Mccluskey, Edward
Subject: RE: FPC Annual Short-Term RFP

Listed below are my numbers. Let me know when you want to discuss in detail. You know how I love to talk!! (lol)

Package 2

[redacted] GPA

Demand: .01
Commodity: [redacted]
Volume: [redacted]

Destin

Demand: [redacted]
Commodity: [redacted]
Volume: [redacted]

Baseload:

Ifgmr [redacted]
Volume: [redacted]

Ifgmr [redacted]
Volume: [redacted]

Thank you !!!

Where is by pic of your kids? Am I not getting a xmas card goober smoocher!

Mccluskey, Edward

From: [redacted]

Sent: Wednesday, December 17, 2003 10:02 AM

To: Mccluskey, Edward

Cc: [redacted]

Subject: RFP Response

713-752-6456

Thanks for the oppo[redacted]hard work on this is very familiar with the proposal, so if can't reach me with questions[redacted]don't hesitatie to call[redacted]We look forward to hearing from you soon.[redacted]

<<FPC_RFP_04.doc>> <<Progress Energy Inc letter FPC 122003.doc>>

[redacted]

[redacted]

Ed McCluskey
Gas Trader, Regulated Commercial Operations
Florida Power
P. O. Box 1551 - PEB 10A
Ralelgh, North Carolina 27602

December 16, 2003

Ref: RFP# dated December 3, 2003

Dear Ed:

Attached please [redacted] supplies for various packages (#1, #2, #3) listed in your RFP.

Within the attached documents, [redacted] has attempted to respond to all but a few of your pricing scenario requests. [redacted] looks forward to your response and our continued mutually beneficial business relationship, and the opportunity to reliably supply the Carolina's growing natural gas market with clean burning efficient fuel.

Should you have any questions concerning the attached pricing, please do not hesitate to give me a call [redacted]

Best Regards:

[redacted]

[redacted]

- Demand: [redacted]
- [redacted]
- MDQ Various: [redacted]
- Receipt Point: [redacted]
- Take or Release: [redacted]
- Pricing Option: [redacted]

May through October

- [redacted]
- [redacted]

November through April

- [redacted]
- [redacted]

- Daily Call Option: [redacted]

+.015 Firm
-.015 [redacted]

Commercial Record

Fixed

Package #2 [redacted]

- Demar[redacted]
- [redacted]
- [redacted]
- Receipt Point: [redacted]
- Take or Release: [redacted]
- Pricing Option: [redacted]
  - [redacted]
  - [redacted]
- Daily Call Option: [redacted]

Package #3 [redacted]

- [redacted]
- T[redacted]4
- [redacted]
- Receipt Point: [redacted]
- Take or Release: [redacted]
- Pricing Option: [redacted]
  - [redacted]
  - [redacted]a
- Daily Call Option: [redacted]

Mccluskey, Edward

From: [redacted]
Sent: Tuesday, December 16, 2003 5:05 PM
To: edward.mccluskey@pgnmail.com
Subject: Undeliverable: RFP Response

----- Forwarded by [redacted] on 12/16/2003 05:04 PM -----

System Administrator <postmaster@pgnmail.com>	12/16/2003 04:51 PM	To:	Thomas_D_Dickey@dom.com
		cc:	
		Subject:	Undeliverable: RFP Response

Your message

To: edward.mcclusky@pgnmail.com
Subject: RFP Response
Sent: Tue, 16 Dec 2003 16:55:47 -0500

did not reach the following recipient(s):

edward.mcclusky@pgnmail.com on Tue, 16 Dec 2003 16:51:30 -0500
The recipient name is not recognized
The MTS-ID of the original message is: c=us;a
= ;p=cplc;l=NT000032031216215lZBB4TYTB
MSEXCH:IMS:CPLC:EXCHANGE1:NT000032 0 (000C05A6) Unknown Recipient

----- Message from [redacted] on Tue, 16 Dec 2003 16:55:47 -0500 -----

To: edward.mcclusky@pgnmail.com

Subject: RFP Response

Ed : [redacted]

Term : [redacted]

Volume : [redacted]

Delivery Point : [redacted]

Flexibility : [redacted]

[redacted]

Pricing : [redacted]

Level of Service : [redacted]

Should you have any questions please advise. This proposal is subject to final management approval and a mutually acceptable contract.

This email and any files attached are confidential and do not in any case represent a firm bid or offer to bind the sender without an additional express written confirmation to that effect. If you are not, or you do not represent, the intended recipient, you are hereby notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. Please notify the sender if you have received this e-mail by mistake.

This email and any files attached are confidential and do not in any case represent a firm bid or offer to bind the sender without an additional express written confirmation to that effect. If you are not, or you do not represent, the intended recipient, you are hereby notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. Please notify the sender if you have received this e-mail by mistake.

[redacted]w

Mccluskey, Edward

From: [redacted]
Sent: Friday, December 12, 2003 11:43 AM
To: Mccluskey, Edward
Subject: RE: FPC RFP

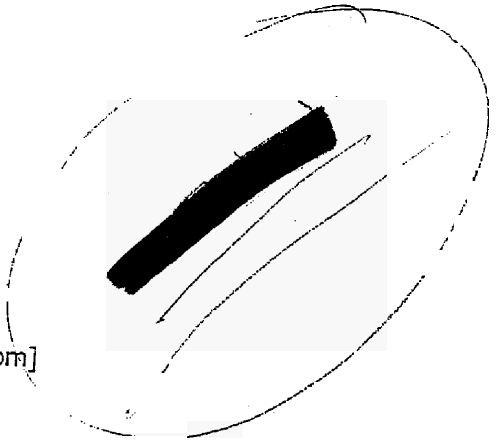
Ed,

[redacted] to Florida Power Corporation firm supplies of natural gas for the Summer of 2004. Please find attached Apache's proposal.

Please don't hesitate to contact the undersigned should you have any questions or wish to discuss further.

Best regards,

[redacted]



-----Original Message-----
From: Mccluskey, Edward [mailto:Edward.Mccluskey@pgnmail.com]
Sent: Tuesday, December 09, 2003 9:27 AM
To: Benninger, David
Subject: FPC RFP

David

Attached is the FPC RFP.

Thanks
Ed

<<FPC RFP - 2004-05.doc>> <<FPC 2004-05 RFP-Package 1.xls>>

[redacted]

December 12, 2003

Florida Power Corporation
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551
Attn.: Mr. Ed McCluskey
Gas Trader
Regulated Commercial Operations

RE: Response to Summer RFP

Dear Ed,

Pursuant to your Request for Proposal dated December 2, 2003, [redacted] appreciates the opportunity to propose to Florida Power Corporation firm supplies of natural gas for the Summer of 2004, to wit:

GSNG PACKAGE #1

No offer.

GSNG PACKAGE #2

Point of Sale	Daily Rate	Term	Pricing Options
[redacted]	[redacted]	[redacted]	[redacted]
[redacted] (Baseload volume)	Inside FERC – [redacted]		
[redacted] (Monthly take or release)	Commodity: [redacted] Reservation: Notification:		
[redacted] (Daily take or release)	Commodity: [redacted] Reservation: Notification:		

GSNG PACKAGE #3

Point of Sale	Daily Rate	Term	Pricing Options
[redacted]	[redacted]	[redacted]	[redacted]
[redacted] (Baseload volume)	[redacted]		
[redacted] (Monthly take or release)	Commodity: [redacted] Reservation: Notification:		
[redacted] (Daily take or release)	Commodity: [redacted] Reservation: Notification:		

The offers made in this response to your RFP are subject to market movement prior to acceptance by [redacted] Sales are also subject to prior sale, potential volume limitation and final management approval. All gas sales resulting from this proposal will be subject to the recently fully-executed NAESB agreements between the parties. Please don't hesitate to contact the undersigned a[redacted] should you have any questions or wish to discuss this matter further.

Best regards,

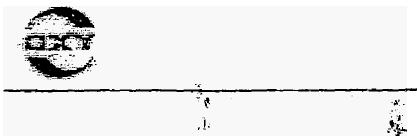
[redacted]

Mccluskey, Edward

From: [redacted]
Sent:
To:
Cc:
Subject:



FPC04-5.doc (36 KB)



[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Del. Point: [redacted]

Volume: [redacted]
Price: [redacted]
Service: [redacted]
Other: [redacted]

[redacted]

Volume: [redacted]
Demand Charge: [redacted]
Commodity: [redacted]
Service: [redacted]
Notice: [redacted]

[redacted]

[redacted]

Del. Point: [redacted]

Volume: [redacted]
Price:
Service:

[redacted]

Volume:
Demand Charge:
Commodity:
Service:
Notice:

Other:

- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

Sincerely,

[redacted]

[redacted]

[redacted]

December 16, 2003

Mr. Ed McCluskey
FLORIDA POWER CORPORATION
Gas Trader, Regulated Commercial Operations
P. O. Box 1551, PEB10A
Raleigh, NC 27602-1551

Dear Mr. McCluskey:

[redacted] is pleased to submit the following bid proposals to Florida Power Corporation ("FPC") for the requested periods.

Some of the structures are price sensitive to market volatility and are subject to change without notice. This proposal is subject to the purchasing subsidiary's credit approval at the discretion [redacted]

Please contact me if you require any additional information.

Thank you,

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Option 1.) [redacted]

Option 2.) [redacted]

Mccluskey, Edward

From: [redacted]
Sent: Tuesday, December 16, 2003 4:04 PM
To: 'edward.mccluskey@pgnmail.com'
Subject: Response to RFP



fpc 2004.doc (24 KB)

December 16, 2003

Mr. Ed McCluskey
Gas Trader, Regulated Commercial Operations
Florida Power Corporation
P. O. Box 1551, PEB10A
Raleigh, NC 27602-1551

Proposal Sent via e-mail: Edward.mccluskey@pgnmail.com

Dear Ed:

[redacted]s pleased to offer Florida Power Corporation gas supply under the proposed terms and conditions attached hereto.

The attached proposals are not intended to be complete and all-inclusive of the terms and conditions of the related transaction(s). These proposals are not an offer, a solicitation of an offer, or a commitment o[redacted] or any affiliate of Coral. The transaction(s) described herein are subject to further review and approval of [redacted]xecutive management and execution of definitive agreements containing all appropriate provisions. As the information contained herein is proprietary, please keep this material confidential.

Thank you for the opportunity to bid on this piece of business. I look forward to continuing the excellent relationship our companies have developed over the years. Please do not hesitate to call me at [redacted] with any questions, comments, or concerns you have regarding our proposal.

Sincerely,

[redacted]

FLORIDA POWER CORPORATION

REQUEST FOR PROPOSAL [redacted]

Coral agrees to keep this offer open until close of business Monday, December 22, 2003

FGT PACKAGE #1

Location:	[redacted]
Pipeline:	[redacted]
Volume:	[redacted]
Term:	[redacted]
Price*:	[redacted]
Service Level:	[redacted]

GSNG PACKAGE #2

Location:	[redacted]
Pipeline:	[redacted]
Volume:	[redacted]
Term:	[redacted]
Price*:	[redacted]
Service Level:	[redacted]

GSNG PACKAGE #3 [redacted]

[redacted]

Mccluskey, Edward

From: [redacted]
Sent: Tuesday, December 16, 2003 4:32 PM
To: 'edward.mccluskey@pgnmail.com'
Subject: FW: FGT Supply Needs



fpcrfpdec162003.doc (31 KB)

>
> Ed,
>
> Thanks for the opportunity to provide you with FGT supply options. While
> [redacted] is only in a position
> [redacted]
> protection. Again, thank you for you business this past year, it has been
> a pleasure to work with you.
>
> Please do not hesitate to call with any questions.
>
> Have a safe and happy holiday season.
>
> [redacted]
>
> <<fpcrfpdec162003.doc>>

[redacted]

December 16, 2003

Mr. Ed McCluskey
Gas Trader, Regulated Commercial Operations
Florida Power Corporation
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551

Dear Ed:

[redacted] submits the following proposal to Florida Power Corporation ("Buyer") to supply the Buyer with pricing options for baseload with a release option. The following summarizes the terms and conditions of our proposal:

FGT Package #1

VOLUME: [redacted]

TERM: [redacted]

DELIVERY POINTS: [redacted]

GAS PRICE: [redacted]

The above pricing represents as an example of the levels for service that Seller provides to others. In the event an alternative to the above would better suit the Buyer's needs, Seller would structure the transaction per the Buyer's specifications.

[redacted] greatly appreciated the opportunity to provide FPC with hurricane protection this past year. Should FPC desire to see pricing for that type of product, [redacted] would be very happy to price it.

The terms, conditions, payment structure and credit requirements of the above proposal are subject to your acceptance and that of the Seller's senior management. We look forward to being an important part of your gas supply portfolio. If you should have any questions regarding this proposal or would like to discuss other potential supply arrangements, please feel free to give me a call at [redacted]

Sincerely,

[redacted]

Mccluskey, Edward

From: [redacted]
Sent: Tuesday, December 16, 2003 5:19 PM
To: edward.mccluskey@pgnmail.com
Subject: Florida Power RFP response

Ed,

Thank you for the opportunity to bid on Florida Power's business. Enclosed is [redacted] response. Take care.

[redacted]

<<Florida Power RFP Response.doc>>

[redacted]

December 16, 2003

Ed McCluskey
Gas Trader, Regulated Commercial Operations
Florida Power
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551 VIA E-MAIL Edward.mccluskey@pgnmail.com

RE: Request for Proposal (RFP) for Firm Gas Supply – Florida Power

Ed:

Thank you for the opportunity to bid on CP&L's gas requirements for delivery to its firm core customers. Following is [redacted] response:

FGT Package #1:
Volume: up to MDQ
Delivery Point: [redacted]

Pricing Options:

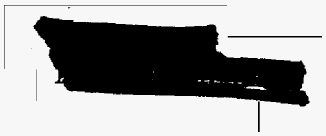
Baseload Index: [redacted]

Take or Release: [redacted]

Index Price Conversion: [redacted]

This proposal is non-binding. Thank you for your consideration of [redacted] as a potential term supplier. If you have any questions, or if I can be of any further assistance, please do not hesitate to call me at [redacted]

Sincerely,



Mccluskey, Edward

From: [redacted]
Sent: Monday, December 15, 2003 4:27 PM
To: edward.mccluskey@pgnmail.com; john.richardson@pgnmail.com
Subject: RFP Response

John/Ed,

Below is [redacted] to both CPL's and FPC's RFP dated December 3, 2003.

[redacted]

Transco Zone 3, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Prices subject to management approval and market movement.

Regards,

[redacted]

I am checking credit lines to ensure space for the above transactions, will respond with results.

[redacted]

Mccluskey, Edward

From: [redacted]
Sent:
To:
Cc:
Subject: [redacted]P

Importance: High




NEMIFPCorp04.DOC (44 KB) pic13491.gif (6 KB)

Attached is [redacted] response to your recent RFP for term supplies. Thanks for the opportunity to make this proposal to you at this time.
ejs

(See attached file: NEMIFPCorp04.DOC)

(Embedded image moved to file: pic13491.gif)

Confidentiality Statement:
The information contained in this e-mail and any attachments may be confidential. If you are not the intended recipient, please understand that dissemination, copying, or using such information is prohibited. If you have received this e-mail in error, please immediately advise the sender by reply e-mail and delete this e-mail and its attachments from your system.

December 18, 2003

Via Electronic Mail and Regular Mail
Edward.mccluskey@pgnmail.com

Mr. Ed McCluskey
Gas Trader, Regulated Commercial Operations
Florida Power Corporation
P.O. Box 1551, PEB10A
Raleigh, NC 27602-1551

Dear Ed:

Enclosed is [redacted] response to your **Request for Proposals** for firm gas supplies in 2004.

[redacted]

Each option, also contains the ability for you to change your commodity pricing mechanism from Inside [redacted] Conversion of the commodity pricing [redacted] is also an option as long as the commodity adders are applied.

Please note, all terms and conditions quoted herein are subject to management approval and the execution of a more definitive and mutually agreeable NAESB agreement.

We are very pleased that you included [redacted] on your list of potential suppliers for this portion of your term business. We are very interested in growing our spot and term business with FPC. [redacted] (backed with equity production from our sister company [redacted] s a company that you can count on.

If it is your desire, I will be happy to discuss with you in person or on the phone, the more intricate details of this transaction. Please contact me a[redacted] with your comments and questions. I look forward to an expanded business relationship with FPC.

Sincerely,

[redacted]

[redacted]

Enclosures

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION

[redacted]

Firm Baseload Must Take
(Discussion Purposes Only)

Term: [redacted]

Volume: [redacted]

Type of Service: [redacted]

Reservation Fee: [redacted]

Commodity Fee: [redacted]

Delivery Point: [redacted]

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION
PACKAGE #1 – Zone 1 Supplies (Option #2)
[redacted]
Firm With First of Month Take Flexibility
(Discussion Purposes Only)

Term: [redacted]

Volume: [redacted]

Type of Service: [redacted]

Reservation Fee: [redacted]

Commodity Fee: [redacted]

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION
PACKAGE #1 – Zone 1 Supplies (Option #2)
[redacted]
Firm With First of Month Take Flexibility
(Continued)

Additionally, [redacted]

Delivery Point: [redacted]

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION

PACKAGE #1 – Zone 2 Supplies (Option #1)

[redacted]

Firm Baseload Must Take

(Discussion Purposes Only)

Term: [redacted]

Volume: [redacted]

Type of Service: [redacted]

Reservation Fee: [redacted]

Commodity Fee: [redacted]

[redacted]

Delivery Point: [redacted]

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION
PACKAGE #1 – Zone 2 Supplies (Option #2)
[redacted]
Firm With First of Month Take Flexibility
(Discussion Purposes Only)

Term: [redacted]

Volume: [redacted]

Type of Service: [redacted]

Reservation Fee: [redacted]

Commodity Fee: [redacted]

TERM SUPPLY PROPOSAL FOR FLORIDA POWER CORPORATION
PACKAGE #1 – Zone 2 Supplies (Option #2)
[redacted]
Firm With First of Month Take Flexibility
(Continued)

[redacted]

Delivery Point:

[redacted]

[redacted]

[redacted]

December 15, 2003

Mr. Ed McCluskey
Gas Trader, Regulated Commercial Operations
Carolina Power & Light
P.O. Box 1551 – PEB 10A
Raleigh NC 27602-1551

Fax: (919) 546-2922

Re: RFP for Gas Supply dated December 3, 2003

Dear Ed,

Based on the Request for Gas Supply Proposals dated December 3, 2003 [redacted] would like to make the attached offer to supply natural gas to FPC for 2004-2005.

I hope that you find our offer competitive.

[redacted]

If you have any questions regarding this proposal, please contact me at [redacted] or in my absence [redacted]

[redacted]

Finally, these proposals are subject to final management approval at the time bids are awarded. It does not create and is not intended to create a binding and enforceable contract between the parties. Any such contract will only be created upon execution and delivery of a mutually acceptable definitive agreement covering the proposed transaction.

With Best Regards,

[redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Reservation Charge [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Nomination Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]

- Reservation Charge [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Nomination Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

Daily price instead of Inside FERC. Such changes will be by mutual consent based on market conditions and prices at such time as FPC initiates discussions.

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Reservation Charge [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Nomination Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Reservation Charge [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Nomination Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]

- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Pipeline Notice FPC will notify BP of the volume into each of the 2 pipelines for the next month by the close of business on the 4th business day prior to the end of each month

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Pipeline Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Reservation Charge [redacted]

- Commodity Charge [redacted]
- Price Conversions [redacted]
- Pipeline Notice [redacted]

[redacted]

- Description [redacted]
- Term [redacted]
- Quantity [redacted]
- Delivery Point [redacted]
- Reservation Charge [redacted]
- Commodity Charge [redacted]
- Price Conversions [redacted]
- Pipeline Notice [redacted]

Mccluskey, Edward

From: [redacted]
Sent: Monday, December 15, 2003 5:24 PM
To: [redacted]
Subject: FW: [redacted]

We thank you for including [redacted] your list of suppliers bidding on supply needs for FGT and GulfStream. We decline to submit an offer as we do not have adequate supply at these points at this time. This position is changing as we make new discoveries in the Gulf Of Mexico and we hope to be able to make offer on your future supply needs.

Kindest Regards,

[redacted]

[redacted] Confidentiality Notice:
This electronic transmission and any attached documents or other writings are intended only for the person or entity to which it is addressed and may contain information that is privileged, confidential or otherwise protected from disclosure. If you have received this communication in error, please immediately notify sender by return e-mail and destroy the communication. Any disclosure, copying, distribution or the taking of any action concerning the contents of this communication or any attachments by anyone other than the named recipient is strictly prohibited.

Mccluskey, Edward

From: [redacted]
Sent: Friday, December 05, 2003 12:28 PM
To: Mccluskey, Edward
Cc:
Subject: [redacted]




FPC RFP - 2004-05.doc (66 KB) FPC 2004-05 RFP-Package 1.xls ..

Ed, I just wanted to provide you an official response to your RFP. Unfortunately at this time we do not have our supply outlook ready for summer sales. We plan on obtaining a supply profile for summer sales around early February. We would be more than happy to discuss summer sales then. As always we will be active in the bidweek and daytrade markets and could also serve any additional needs that you may have. I had to provide John with a very similar response. I regret that our timing does not meet your needs as FPC has been a great customer of [redacted]

I look forward to the opportunity to serve you in the future,

[redacted]

---------- Forwarded by Diaco M Aviki/Houston/ExxonMobil on 12/05/03 11:21 AM ---------

"Sheppard, Sheila" <sheila.sheppard@pgnmail.com>

To:
cc:
Subject: FPC Annual Short-Term RFP

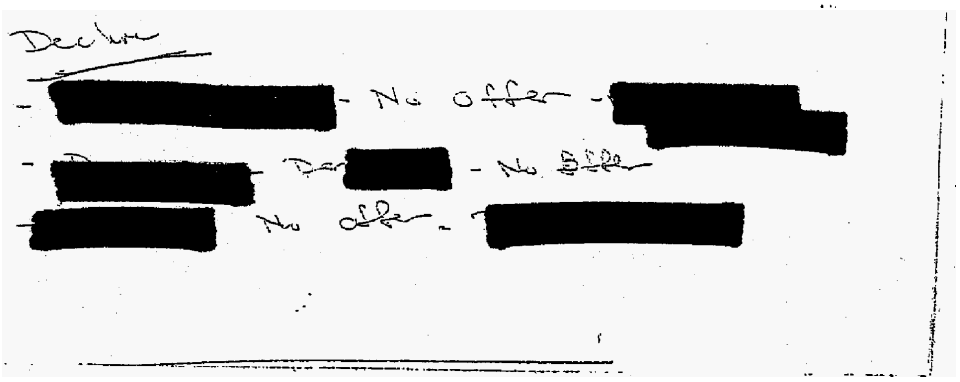
12/03/03 01:07 PM

<<FPC RFP - 2004-05.doc>> <<FPC 2004-05 RFP-Package 1.xls>>

Sheila Sheppard
Sr Administrative Assistant to
Pamela R. Murphy - Director, Gas & Oil Procurement & Logistics, and
Ramon W. Boulmay - Manager - Structuring & Analysis
919 546 5756 ... 919 546 3208 (fax)

In each moment lies a choice that can change the story of your life.
- Steve Morris

(See attached file: FPC RFP - 2004-05.doc)(See attached file: FPC 2004-05


Declan
- No offer -
- No offer -